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SOCIAL RECONSTRUCTION

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SOCIAL RECONSTRUCTION

BY

JOHN A. RYAN, D.D., LL.D.

Professor of Moral Theology at the Catholic University of America; Author of "A Living Wage," "Distributive Justice," etc.

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New York

THE MACMILLAN COMPANY

1920

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FOREWORD

The lectures composing this volume were delivered at the Fordham School of Social Service in the last two months of the year 1919 and the first two months of the year 1920. They were not written out beforehand, but were taken down by a stenographer, and revised by the author for publication. Owing to the manner in which it was composed, the book exhibits obvious crudities of style, but the belief is entertained that this defect is partially offset by the spontaneity and personal character of the discourse.

JOHN A. RYAN.

The Catholic University of America,
May 25, 1920.

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SOCIAL RECONSTRUCTION

CHAPTER I

GENERAL FACTS CONCERNING THE PROGRAM

Reception.— Authority.— Comments.— Beneficial Effects.— Viewpoint and Content.

It is a great honor, indeed, to be invited as the first lecturer in this series of lecture courses which are to bear the name of the man[1] who has just been so beautifully eulogized by the President of Fordham University. It is a great satisfaction to me to contribute something to the work of this School of Sociology and Social Service, for I know how badly schools of this kind are needed. I know how great is the work that they can do, and that the pupils can do, for sound charity and sound social service, and ultimately for the Church and the Catholic religion. The efforts which the faculty of Fordham University have made to build up this school, which is a pioneer in the field, at least in the East, are deserving of every assistance that any one is able to give. Although I was somewhat doubtful

[1] The late Thomas M. Mulry.

whether what I have to contribute is of very much value to students in the general field of social service, and although I could find plenty of work to occupy my time if I did not come here at all, I thought I should be shirking my duty to the great enterprise which you are carrying on here if I did not make some sacrifice to accept the invitation. And let me also say that I am particularly glad to coöperate in the work of this school because it is so much the wish of the Archbishop of New York that the school should expand and succeed.

The topics which I am to discuss lie mainly in the field of economics. While economic subjects and problems are not the direct business of persons who are pursuing a course in the school of Social Service, yet they are of extremely great importance and interest. Social workers constantly come into contact with the economic causes and relations of the problems with which they are dealing. The greater their knowledge of the economics of these problems . . . and the more they know of Catholic doctrine concerning economic practices and institutions . . . the better equipped they will be for the complex tasks of social service.

The general subject of these lectures is the Bishops' Program of Social Reconstruction. This document was issued in response to the general need which men felt after the war for programs for the reconstruction of social relations. The word "reconstruction" was derived from the field of battle, or rather from the general situation in the warring countries which had been brought about by the

destruction there. It was and is obvious that these countries have to be reconstructed in a social as well as in a physical way, and so people got to talking about *social* reconstruction: "we shall have not only to reconstruct the countries of Europe which have been devastated as regards their buildings and factories and roads and houses and the like, but we shall have to reconstruct society, because social relations have not been what they ought to be; they have not been what they can be made to be." The Bishops' Program appeared in response to that general idea. I think that word "reconstruction" has perhaps not been well chosen, because none of us, I take it, believe that we are going to have so great a change as that word implies. We expect and hope that there will be a considerable amount of reform, of readjustment, of improvement, but no change so great as to justify the use of the word reconstruction. However, it is a convenient term, people have adopted it generally, and there is nothing to be gained by insisting upon a more precise expression.

Some have criticized the word "social" in this program because they say the Program, as a matter of fact, is one of merely industrial or economic reconstruction, for it deals almost entirely with economic problems and proposals of reform. This objection has likewise some merit, but people have got into the habit of applying the term "social" to the industrial field, especially when they talk of "the social question." Most of them mean industrial questions. At any rate, the economic problem seems to be the most important of the social problems.

Those of you who are engaged in the work of social service, I suppose, won't agree with that proposition; you would say that a strictly social problem that is not economic is really more important than an economic one; but we won't go into any discussion over that. The fact is that the term social reconstruction has come to be applied generally to programs for any reformation or improvement of society.

The Bishops' Program was issued by the National Catholic War Council, and appeared on the 12th of February of the year 1919. That date was selected, deliberately I believe, by the National Catholic War Council because it was the birthday of Abraham Lincoln. This Program is properly called the Bishops' Program, because it was issued by the four bishops who then constituted the Administrative Committee of the National Catholic War Council. They were Bishops Muldoon, Schrembs, Hayes and Russell. The National Catholic War Council, as I presume most of you know, is composed of the Archbishops of the United States. It was organized through the united action of the Hierarchy at the latter end of December, 1917.

To-night I am to speak of some general facts associated with the Program, especially with its appearance and its history.

The first of these that is worth considering is the very wide and very favorable attention and notice which the Program received almost immediately after its appearance. I do not think that any other document that was ever put out from a Catholic

source in this country, attracted nearly as much attention. The daily press gave it a very considerable amount of notice. I do not mean that any daily newspaper published it in full, or published any considerable part of it, but most of the important daily papers gave it a rather good summary — in fact, most of them printed the summary which was provided for them by the Catholic War Council. Let me say in passing that the success of the Catholic War Council in getting notices from the daily papers for this Program was due mainly to their good press-agent work,— a circumstance that holds a lesson for us Catholics in many other departments of activity. Very often we do not get the notice that we ought to get simply because we do not go about it in the right way. We have not the expert known as the press agent, or we do not have him functioning in time to get the notice that we otherwise might have obtained. The Catholic papers all gave the Program a generous amount of space, some of them publishing it in full; the secular weeklies gave it a respectable amount of attention and space, and some of them had articles on it by their special writers. The labor and the social press perhaps gave it greater publicity than any other single group of papers outside of the dailies.

The amount of unfavorable criticism that it received was remarkably small and insignificant. So far as I know, only two papers have criticized it unfavorably, though there may have been others which did not come to my attention. This does not mean that the other publications which might have

been expected to criticize it agreed with it; it simply means that they did not think it worth while, or wise, to voice their disapproval. Perhaps many of the papers which would have expressed themselves otherwise, were deterred by the fact that this Program appeared with the names of four Catholic Bishops attached to it. Perhaps from that circumstance they got the idea that after all these doctrines must be more respectable than they seemed to be on their face.

The principal dissent from this Program,— and I mention this not because of its value in itself but because it will lead up to the question of the authority of the document,— was voiced by Mr. Ralph M. Easley, the Secretary of the National Civic Federation, and the editor of its official organ, *The National Civic Federation Review*. In two numbers of his paper he devoted considerable space to the Program. The substance of his criticisms in the first article was that the bishops who put out this Program of social reconstruction had been deceived and misled by the radicals in the Church, the "near-Bolsheviki," as he called them. Immediately the Secretary of the Committee on Social Reconstruction of the N.C.W.C., Dr. O'Grady, wrote Mr. Easley a letter, which the latter published in the next number of his paper, pointing out the many misstatements and mistakes in Mr. Easley's first article. It had been asserted that the Program had no official authority, but merely represented the individual views of the bishops whose names were attached. Dr. O'Grady pointed out that these bishops

published the Program as the Administrative Committee of the N.C.W.C.; that the N.C.W.C. was composed of the archbishops of the United States, and that the archbishops of the United States, were organized into the N.C.W.C. with the approval of the great majority of the bishops. Hence Mr. Easley was wrong in asserting that the Program was merely the views of the individual bishops who wrote it. In his second article, Mr. Easley quoted some unknown Catholic with whom he had conferred on the matter, to the effect that the four bishops merely "approved in a general way" the contents of the Program. As a matter of fact, the bishops in the "Foreword" which they signed say that this Program "is issued" by them as the Administrative Committee. That is to say, they declare that they are producing it, which is quite different from saying, "we approve in a general way what follows." It is a much stronger degree of approval. This anonymous person whom Mr. Easley consulted also said that even this mild measure of approval, this approval in a general way, was to be taken as referring to "the general *purposes* of the particular measures advocated in the Program," but was not to be taken as an approval of the specific measures themselves. On that point I would refer again to the "Foreword" which the bishops signed. After recounting very briefly the problems that confront us since the war, the bishops say, "in the hope of *stating the lines* that will best guide us in their right solution this Program is issued." Therefore, the bishops thought that they were putting out a Pro-

gram whose specific measures stated at least the general lines of reform, of reconstruction. They were not merely concerning themselves with the ends without any reference to the means. Anybody can describe the ends that are desirable, and most people agree in a general way as to what are ends which we should seek in trying to reconstruct or reform industrial relations. The great difference of opinion concerns the means which we are going to adopt, and the bishops gave an outline of the means.

It is true that these facts do not show that the Program has the stamp of official authority — I think no intelligent Catholic claims that; on the other hand, it represents something more than the individual opinions of the bishops who issued it. Even if the Program had been taken by the Hierarchy of the United States when they assembled in Washington last September, and formally adopted by them, it would not have official authority in the strict sense, because no group of bishops has legislative authority except when they meet in a provincial council or in a national council. When the bishops merely meet as a group, not formally as a national or provincial council, they have no legislative authority; they have no disciplinary authority: nothing that they do becomes by that fact any more binding on Catholics than it was before; but what they do will have, of course, a great deal of moral authority, inasmuch as it will indicate what the bishops think as a group. I mention this merely to show that those persons who think it desirable to get some kind of formal official authority for this Program are laboring under a

misapprehension. However, the Program has a great deal of moral authority, inasmuch as it comes from four bishops who must have realized that they were representing in a general way all the archbishops and bishops of the country. We must assume that they took sufficient account of this fact beforehand, that they did not fail to realize that their action in putting out this Program would be taken as more or less the action of the whole Hierarchy. We must assume that they did not do this thing lightly, that they weighed all the implications that would be attached to their publication of the Program.

Several of the most able and distinguished members of the Hierarchy in this country have been enthusiastically in favor of it, and no bishop has spoken any public word against it. This I think is sufficient for all practical purposes in the matter of authority, and in a pronouncement which is without formal legislative or disciplinary significance, the practical authority is after all the main consideration. It can be stated very briefly. In the first place, the Program has come to be generally recognized by Protestants as well as Catholics as expressing the general opinion and viewpoint of the bishops and priests of the United States. That is what most people think; and they conclude that it is therefore not out of harmony with the doctrine of the Church. In the second place, the appearance and reception of the Program have been a great source of support to certain proposals which hitherto had been considered rather advanced. That is a definite, practical effect which is important,— at least for the persons who

are advocating those things; it gives them the hope that they cannot again be successfully denounced as wanting in orthodoxy. The charge that the Church in America is the "tool of capitalism" will not mislead many intelligent men in the future.

I have some selections here from the comments of different persons and publications on the Program which are worth considering, I think, because of the light that they throw upon the views that are held in various quarters concerning the social teaching to men who have been advocating certain principles and attitude of the Church. The first of these is the brief statement which Bishop Muldoon, the Chairman of the Administrative Committee, published in *The Nation* in reference to a very fine article on the Program by Mr. Raymond Swing. This writer had expressed the opinion that the Program was "the product of astute calculation" on the part of the bishops. In reply, Bishop Muldoon says:

"However much men may differ about certain minor details contained in the Program, it is based upon the immutable principles of justice and charity which the Church holds, has held, and will ever hold. The duty of the Universal Church is to instruct the citizens of each State in the application of these principles. And although at times the Church has found it difficult to make its voice heard above the clamor of materialism, yet she has ever been watchful for a suitable opportunity to impress her lessons of justice and charity upon all peoples, but especially upon captains of industry. That opportunity came at the close of the war. To us it appeared that the world, and in particular the United States, was willing to listen to representatives of the Church, which throughout all the ages has striven not only to protect the workman but to fur-

ther his progress in all ways consistent with Christian morality. In this you have the reason why the Bishops have brought forth once again the old, old principles of justice which the Church is bound to preserve and to teach as best she may."

This is a brief but sufficiently comprehensive statement of the relations between the main doctrines of this Program and the general social teaching of the Church. The Bishop repudiates the idea that there was any fine calculation back of the publication of the Program, and asserts that it was published mainly because the after-war-period seemed to be a good time to reassert the old doctrine; — not to produce something entirely new.

As representing the prevailing view of the Catholic papers, I take a brief selection from the *Western Watchman*:

"Quite a stir was caused by the pamphlet on Social Reconstruction published by the bishops of the Catholic War Council. We are glad that it is not being ignored, for without a doubt it is the most sensible declaration thus far issued. But it does try one's patience to read the comments of ignorant critics who affect surprise at what they deem a radical departure from the past on the part of the Church. There is nothing novel in this evidence of interest in the problems of living men, and the authors had but to adapt traditional principles to the actual situation to formulate the program contained in the meritorious pamphlet."

Then we have the statement of Mr. Frank P. Walsh, formerly joint-chairman with Mr. Taft of the War Labor Board. He speaks from the viewpoint of a man who has been a great champion of

labor, and regarded as perhaps more radical than most Catholics who have been interested in this question:

"Those who are pledged to the cause of organized labor and who are faithful also to the Church will be helped and inspired as churchmen no less than as workmen by this pronouncement on social reconstruction. None know better the weaknesses and dangers to which all humankind are subjected, and the need of the restraints of conscience which religion can bring to bear. With a new enthusiasm we can go among our associates and say proudly, 'I am a Catholic.' Many thousands of workmen for whom the call of the Church was growing faint will be brought back to a firmer reliance and a deeper adherence. The workers are grateful for any sign that those in high places are heeding their call for justice, for opportunities to lead full and free lives, to develop the best that is in them. This pronouncement is a sign to the millions, a sign that will be eagerly hailed, that here is indeed the Living Church."

Here is a statement by Mr. John Fitzpatrick, a labor leader of Chicago, who last autumn was very much in the public eye as one of the organizers of the strike against the United States Steel Corporation:

"It would be useless and foolish to blink at the fact that many workers have been more or less estranged from the Church during recent years by reason of their preoccupation with the struggle for economic justice and industrial freedom. This struggle has grown so sharp that for many it has come to color all their views, and there have not been wanting plausible propagandists who have striven to show that the Church is on the side of special privilege in the battle between privilege and democracy.

We who are both Catholics and members of organized labor have insisted that this was not so, and that the Church would triumphantly meet the new conditions in such a way as to prove that the spirit of Christian brotherhood is still a dominant and decisive force in the world. And to-day we are rewarded by a pronouncement that is undoubtedly the greatest ever put forth by any religious body on this subject."

From the labor side also have come one or two brief expressions — at least, I shall read very briefly from them — which are significant as giving the viewpoint of extreme radicals. Mr. Upton Sinclair, a Socialist, calls the Program a "Catholic miracle," and "amazingly radical." While his opinion is not worth very much from the viewpoint of an intelligent knowledge of what he is talking about, it has this value: it indicates how much better the Bishops' Program is than anything that he ever expected from the Catholic Church. Another statement is from the *Seattle Union Record:*

"We are glad that the Catholic Church is seeing the coming of a new day. Of course, we do not disguise from ourselves the fact that the bishops chosen to formulate a reconstruction platform were naturally bishops somewhat in advance of others in these matters. We do not expect all the bishops to side forthwith with the working class in their struggles. But just as the pronouncement a year ago of the Federal Council of Churches (Protestant) has given a standard which can be used to great advantage in educating the membership and the clergy of Protestant churches, so this official pronouncement of the Catholic Church can be held up to strengthen many who are starting on the road to an understanding of the new world that is to be."

Let me cite two expressions from industrial experts, Mr. McConaughy and Mr. Swing. Mr. McConaughy says:

"In providing for an immediate and gradually increasing participation by labor in the management of industry, the reconstruction program of the Catholic Bishops points to the only visible methods of saving our industrial civilization. . . . It is in its recognition of the importance of the participation of labor in industrial management that the Program reaches the foundation. Participation means education, and industry is to-day threatened from two different quarters by its worst foe, ignorance."

In effect Mr. McConaughy declares that the Bishops' Program emphasizes the thing that is most necessary, most desirable, in our industrial system, namely, greater production through some arrangement, some organization, of the conflicting forces that will enable them to produce more. Instead of fighting each other for a division of the amount that they are producing now, which is quite inadequate, they ought to coöperate in such a way that both will have more without strife. While we believe in giving labor an opportunity to organize, to bargain collectively, to make bargains through their freely chosen representatives, and while we concede that they should have good wages and not excessively long hours, yet we must admit that these methods do not in themselves result in a notably greater production. It is still a part of the general philosophy of the trades unions, and a philosophy that is necessary to them, that they must be strong enough to get

their share of the joint product. That is what the union is for. It is essentially a fighting organization, not a coöperating organization. It must protect the workingman in the division of the product, and of course, safeguard his health during the process; but, so far as the product is concerned, the labor union's main business is to enable the laborer to get a fair share. It has nothing to do directly with greater production. That is not any formal part of the labor union's program or philosophy. And yet, we must have more production if the world, or the greater part of the world, is going to realize what it thinks can be realized in the way of greater opportunities and better conditions of living. So, that is the note which Mr. McConaughy emphasizes in the passage just cited.

Another special writer who is an economic expert and industrial engineer, Mr. Raymond Swing, says:

"It is more than gratifying that one of the greatest envisagings of this situation should be within the institution which, rightly or wrongly, has been reputed to be most conservative. The bishops have made an assertion no less striking than profound. They have seen to the ultimate economic goal — a society in which all property ownership is according to merit — and they have bravely proposed to proceed to it by immediate and consistent strides. They have made a contribution to both classes of the industrial state, to men many of whom they touch in a peculiarly intimate way. And the promise of the counsels of influential Catholics in these next months is one the country must accept with a very keen thankfulness."

A very brief paragraph from an article by a professor of political economy in the University of California, Mr. Solomon Blum:

"Here is a comprehensive plan to be considered. It is liberal, it represents the best thought of political economists, it shows the way to progress without violence."

A statement from a very clever journalist, Mr. William Marion Reedy, editor of the *St. Louis Mirror:*

"Why is it [the Program] put forth at this time? Because the Catholic Church is very close to the people and knows what the people are thinking and feeling. The Church is getting into the situation, prepared to meet a heavy social shock. It is no longer going to leave to its 'separated brethren' the task and the glory of doing something for the salvation of man in the here and now. The Catholic Bishops' Manifesto is the biggest sign I have seen that the social discontent is widespread and deep and ugly, and that something must be done to appease it, other than indulgence in denunciation, police suppression, the censorship and deportation."

Mr. Herbert S. Bigelow of Cincinnati, one of those preachers who have gone out into the field of social discussion and activity, and is no longer, I believe, the pastor of an orthodox church — I mean orthodox even in his own denomination — used the following words in the People's Church in Cincinnati:

"The recent pronouncement of the Roman Catholic Church on social reconstruction is the most radical statement of social faith that has ever been issued by any religious denomination, a document, which in its courage

and radicalism of thought, presents a striking contrast even to the program of the American Federation of Labor."

An extract from an editorial note in the *New Republic:*

"One of the most important signs of the times is the new interest exhibited by the churches in the industrial problem. The latest evidence of this tendency toward broader views is afforded by this report of the Administrative Committee of the National Catholic War Council." Then follows a summary of the main contents and this conclusion: "If this sort of thing goes on unchecked we shall soon arrive at a pass where the real stand-patter will be quite unable to find a spiritual fold."

The implication of this is that the Catholic Church has been the principal home or refuge in a religious way of the stand-patters; but now, says the writer, in view of these industrial proposals of the Bishops' Program, the stand-patter won't feel at home there any more, and if this sort of thing goes on, he won't find a religious home anywhere; for even the few other churches which formerly were friendly to the reactionaries will also have closed the doors against them.

The list of quoted statements may fittingly be closed by one or two from the ablest discussion of the Program that has been written by any Protestant. They are taken from an article by William Hard, in the *Metropolitan Magazine,* January, 1920:

"The Four Bishops hold fast indeed to the institution of private property, and they castigate Socialism without compromise; but they, nevertheless, advance an economic

program which they themselves properly describe as 'involving to a great extent the abolition of the wage-system.' The American Federation of Labor does not propose to abolish the wage-system at all. It is content that wage-earners should remain wage-earners. The Roman Catholic Church in America, for reasons which flow from the foot of the cross to this instant hour of the sins of the world, proposes to abolish the wage-system 'to a great extent' and proposes to make wage-earners more than wage-earners. It proposes not merely to make Capitalism good, but to make it less. . . .

"We do not see simply an economic program by wise persons. We see the oldest and largest of churches brought by its human social situation to a new refreshment of its ancient gift of prophecy for the poor. What it may all mean in the end, who shall even try to say? Immediately I note that the Four Bishops have answered the challenge of Socialism with a program not essentially unlike the program with which Raymond Robins in these columns answered the challenge of Bolshevism. I note that they, like him, do not think that force is a final answer to Marx. And I note that the final answer which they propose is the hewing of a voluntary way through private property and through separate possessions for the ordered flowing of the spirit that has always flowed in Christianity toward mutual help — toward a merging of gifts and powers — the spirit that rose in St. John Chrysostom fifteen hundred years gone by and made him exclaim: 'Those *chilling* words "mine" and "thine!"'"

"'Mine' and 'thine' may be taken to be necessary, and they may even be taken to be appointed; but they have been taken too far. They have chilled too much. The whole world turns back to the warmth of some little reasonable approach to 'ye are members one of another.'"

I think this is a sufficient survey of the comments to give you an idea of how the Program has been received by the different elements in the community.

You will note in many of them, that is, in those coming from non-Catholic sources, an element of surprise at the appearance of a doctrine of this kind from within the Catholic Church. Such exclamations are based on ignorance of the Church's traditional teaching. Some of them are due to isolated expressions of ultra-conservatism by some priest at some time or other. Expressions of this kind are not an indication of the general view of the Catholic Church, any more than individual expressions of a radical character.

What are some of the good effects of the Program? Probably no other single pronouncement by any group of bishops of the Church in the United States has done as much good to the Catholic cause. It has destroyed at one stroke all plausibility for the charge that the Church is "the retainer of plutocracy." The laboring class is by this time in the main disabused of this notion, because the labor press has devoted a great deal of space to the Program, and spread the knowledge of it pretty generally among the laboring population. Liberals, and especially the intellectuals, have been considerably shaken in their belief that the Church is generally a friend of the privileged classes. I do not say that all the intellectuals and all the liberals have completely changed their views on this point, for it would take something more than one document to do that; but I say that their view that the Church is essentially allied with all kinds of conservatism, conservatism in industrial matters as well as every other, has been considerably disturbed by the ap-

pearance of this Program, and by the fact that it has not been opposed by any authority in the Church.

In this connection, the new interest which has been aroused in the traditional and social teaching of the Church among members of this intellectual class is not the least of the educational services of the Program. Those of us who know something about the social teaching of the Church, and the social institutions which were promoted by the Church in the periods of her greatest power, feel that one of the best contributions we could make to the social history of our time, and the social welfare of our time, would be to have the knowledge of that teaching and those social institutions made known to this age. I do not know of a single economic historian who does not think more highly of the Church, and more highly of mediæval institutions, as a result of his study of the economic institutions and theories of the Middle Ages. Cunningham, Ashley, Gibbins, Hasbach, and many others have shown exactly that reaction. So I say that one of the good effects of the Program will be to get these intellectual people interested in this traditional social teaching of the Church.

Worthy of note is the fact that the bishops who issued the Program showed a considerable amount of courage and vision in taking the responsibility for such a specific and thorough scheme of social reform. Possibly they would not have issued it if they, like the rest of us, had not been at the time breathing the psychological atmosphere of the war.

At any rate, they disregarded the suggestions of cautious conservatism which must have occurred to them before they made their decision. Their courage and vision have been amply vindicated by the reception accorded to the Program, a reception which has doubtless been very much more favorable and more general than they had dreamed of beforehand. Very few of the Catholics who at the outset were inclined to question the wisdom of the publication of the Program are now of that opinion. If there be any such, if any Catholics think the so-called radicalism of the Program is not in accord with the minds of the higher authorities of the Church, they will be reassured, or disillusioned, if they read the account of a recent interview with Pope Benedict by Mr. Philip Gibbs, and also the Pope's recent letter to Cardinal Luçon of Rheims. The substance of the letter was that the proletarians, that is, the wage-earning classes, are feeling to-day that they have a right to a greater amount of the good things of life than they had formerly, and that they are much more powerful than they were formerly; and the Pope says that their aspirations in this direction are right, and that the clergy should not oppose these aspirations so long as they are kept within the limits of justice and charity. The Pope specifically recognizes this new spirit amongst the wage-earners, and this new determination to be something more in society than they have been in the past; and he approves this determination so long as it does not go beyond the bounds of justice and charity, which unfortunately it is doing in many

cases even in our own country. In the interview with Mr. Gibbs, which was published in the *New York Times,* and some other papers, a few months ago, Mr. Gibbs says:

"I noticed that throughout our conversation the Pope's thoughts seemed to be concentrated mostly upon the condition of the working classes. He spoke of the people rather than of their rulers and of the poor rather than of the rich.

"When, for instance, I referred to strikes and other symptoms of social unrest in many countries, he said: 'The people have been irritated by a sense of injustice. There are many men who have made money out of this war. Those who grew rich out of the war will have to pay; the burden of the taxation will no doubt fall heavily upon them.'"

The important thing about that statement, I think, is not so much the Pope's remark "that those who made money out of this war will have to pay,"— that is obvious — but the statement of Mr. Gibbs that he noticed throughout the conversation that the Pope's thoughts seemed to be concentrated mostly upon the condition of the working classes, and that he spoke of the people rather than of their rulers and of the poor rather than of the rich. Of these two statements the former is the more significant. I have been trying to find a statement which Cardinal Manning made some thirty-five or forty years ago, to the effect that the Church henceforth will have to deal with people rather than with their rulers, with the masses rather than with the heads of states. We who are democratic-minded, especially in the United States, accept that statement or

prophecy of Cardinal Manning with a good deal of satisfaction: to us it is simply a commonplace. We know that the people are the important elements in every state and in every society,— not their rulers. The rulers are all temporary figures, the most powerful of them, but the people remain; and the people are claiming greater social opportunities and a greater share in social power of every kind.

The point of view of the Program is that the social changes which are likely in America after the war are not nearly as many nor as great as those which are probable in Europe; for the thinking of the people in this country and their ways of living have been less disturbed by the war, the industrial destruction and losses are not nearly as great, and the social and industrial conditions of the people here are so much better than those of the people in Europe, that there will not be the same demand for sweeping changes. In Europe the war lasted so long that a great number of the people began to think that something had been tremendously wrong with the social and political situation that had prevailed before the war. We were not in the war long enough to give any considerable number of the people here revolutionary ideas. The Bishop's Program proceeds on the theory that the changes which will take place in America will not be revolutionary, and it proposes to discuss merely some measures of reform, and certain problems and agencies created by the war.

Accordingly, the Program has three general divisions. There are a few pages which present five

programs on social reconstruction that had already been issued; the second part discusses certain problems and agencies created by the war; the third presents proposals of social reform, mainly immediate, but some rather far distant which seem to be feasible and which are not radical. Of the five programs of social reconstruction presented three are British and two American. The three British ones are the British Labor Party Program, which has received far more attention than any other except that which the Bishops produced themselves; the program issued by a small group of British Quaker employers, who have been for a long time more liberal-minded in their treatment of their working people than most British manufacturers; and that of the Interdenominational Conference of Social Service Unions. This Conference comprised some ten denominations, including Catholics, who spent about a year in getting up their program. The two American programs presented are those of the American Federation of Labor and of the National Chamber of Commerce. These five programs, I think, include all the important proposals that have been made in the field of reconstruction, either before or since the Bishops' Program appeared.

CHAPTER II

PROBLEMS AND AGENCIES ARISING OUT OF THE WAR

Land Colonization.— The National Employment Service. — The National War Labor Board.— Women in Industry.

THE primary business of social reconstruction has always been conceived as restoring the institutions which have been destroyed by the war. Hence we find that the agencies which were coöperating with the War Department in ministering to the wants of the soldiers and sailors during the war, such as the National Catholic War Council, the Y. M. C. A., and others, have been devoting the enormous amount of money which they received since the armistice was signed to the business of reconstruction as related to the problems and needs created by the war. For example, rehabilitation of wounded soldiers, social service activities extended to the soldiers in the camps and in the hospitals, and finding them employment. All these things had to do with the reconstruction of institutions or persons or relations which had been disturbed by the war. That was the primary business of reconstruction. But in this work of reconstructing conditions and institutions which had been disturbed by the war, all of these

agencies have been reaching out and working in cognate fields. For example, the National Catholic War Council is not only doing the ordinary work which is immediately related to the wants of the returning service men, but has been establishing social centers in the foreign population districts in many of the cities.

The Program, therefore, starts with these problems created by the war, and also with certain agencies which were set up by the government during the war, on the theory that these agencies may be of value in time of peace. Last January it seemed to most persons in this country that the problem of finding employment for the returning service men was going to be a very serious one. It was feared that very many of the returning soldiers and sailors would not be able to get back their old jobs, and that many of them would not want their old jobs again. It was thought that many of them would not want their jobs again because they had got accustomed to out-door life, and would not care to go to work in shops and factories and in urban occupations generally. It was also thought that many of them had become so impressed with the consciousness of what they had done for the welfare of their country and for civilization that they would not be satisfied to become once more wage-earners or salary-receivers — that they would want to be in a more independent position. In view of these expectations and assumptions it was thought that a scheme for the systematic placing of the returned service men upon the land would be of very great help to them, would sat-

isfy the desire of those who wanted to be independent, and would also meet the wants of those who would like to live an open-air life. Those who have lived on farms know that there is plenty of fresh air if nothing else. Secretary Lane prepared a bill to cover these points. The bill provided, in brief, that Congress should employ as many of the returned service men as desired employment upon the arid, swamp, and cut-over timber lands of the country, clearing the lands and preparing them for cultivation. When the land had been prepared, the government would assist these men to become cultivators of the farms either as owners or as tenants on long-time leases. Whether working for wages in the preparation of this land or as farmers afterwards, the service men would live in groups, settlements — not isolated as most farmers do live in this country.

The objects of this scheme were to provide employment for the ex-service men, to reduce the amount of general unemployment which it was feared would take place in the country after the war, and to increase the amount of farm products and the proportion of farm owners as against tenants in the country. As a matter of fact, there has been little need, apparently, for this institution, so far as the ex-service men are concerned; for no great number of them expressed a wish to go on farms. Nor has it been needed yet as a means of reducing unemployment. Possibly before the scheme could be put into operation on any considerable scale, say four or five years from now, there might be plenty of

unemployment, and it might be quite useful to meet that situation.

In any case, the main benefit of the land colonization scheme, whether for soldiers and sailors or men generally, is that it would increase the supply of food in the United States. Our population has been increasing faster than the food supply, and the country population has been increasing much slower than the city population. Between 1900 and 1910, the urban population increased 34.8 per cent., whereas the rural population increased only 11.2 per cent. That means that the number of persons producing food is increasing much slower than the number of persons who consume food and are not producing any themselves. It is true that the food supply could be kept up without colonizing these arid, swamp and cut-over timber lands, by more intense farming of the land that is already under cultivation, by the restoration of abandoned farms, of which there is a very great number along the Atlantic seaboard, and by the cultivation of farms that are only partially cultivated now. If you will consult the statistics of farms given in the United States census, you will find that the number of acres not under cultivation in farms is even larger than the number that is under cultivation. Now it does not follow that all of these farm acres that are registered as out of cultivation could be made productive, but probably a great percentage of them could. So, we are not entirely dependent upon the cultivation of this fresh, untouched land in order to get the necessary increase in food supply, but this land

would be one important means to that end. It is estimated that there are almost three hundred million acres of these three classes of land — that is, arid land that requires irrigation in order to be productive, swamp lands that require draining in order to be accessible, and cut-over timber lands from which the stumps will have to be pulled before they can be made productive. The number of acres of swamp land is surprisingly large. We who live in the North and East of this country do not realize how much land there is in this category alone,— something like sixty million acres. The total number of acres of land under cultivation in this country is something less than five hundred million acres; so that, if all of these three hundred million acres were made productive, the amount of acres in the United States producing food supplies would be increased more than 50 per cent.

The number of farmers who are tenants is increasing faster than the number who are owners. There are, I believe, two or three States in this country in which the number of tenants is almost as large as the number of owners, and these are the richer States of the Middle West. Now tenancy is a very serious danger in this country. Of course, it may be a step towards ownership, as, for example, when a son rents a piece of land from his father and eventually becomes the owner of it, or when a tenant rents a piece of land from anybody else than a relative, but is able to become the owner within a few years; but the great majority of tenants in this country are persons who cannot hope

to become owners of land. Hence the proportion of tenants is increasing all the time, probably more rapidly in the last ten years than any preceding period of the same length.

The scheme of colonizing these new lands, carried out on a large scale with government assistance to the cultivators to become owners, could reduce somewhat that bad proportion which has become prominent in the relation between tenants and owners. It may be worth while to bring before you very briefly just what this land colonization plan proposes to do:

"Under the first of the two plans of coöperation between State and Federal Government, the State is to provide the land for settlement, and the United States is to provide the money necessary to meet the expenses of reclamation and subdivision and the necessary improvements and equipment and to perform the necessary work and have charge of all settlement work. The Federal Government is to collect the payments from the settlers and repay to the State the cost of the land.

"Under the alternative plan the State is to furnish not only the land but a considerable part of the capital to be spent in the work of reclamation and for farm implements and stock and other necessary equipment. Under this second plan the State Soldier Settlement Board has the option, under the supervision of the Secretary of the Interior, of controlling the preparation of the land as homes and its settlement in accordance with certain principles stated in the Act.

"The farms to be provided are to be of an unimproved value of not more than $15,000. The allotments for farm laborers are to be of an unimproved value of not more than $1,500. The maximum public expenditure upon each

farm is to be fixed by agreement between the State and Federal agencies charged with the handling of the matter.

"The United States is to advance funds to the Soldier Settlement Board to make loans to approved settlers for making improvements and purchasing equipment. The funds for this latter purpose, called 'short-time loans,' are not to exceed $3,000 to each settler. The Board is to be held responsible for seeing that the money advanced is applied by the settlers for the purpose for which it was loaned.

"The manner of sale of the farms is to be such as to afford equal opportunity to all qualified soldiers desiring to purchase. The contract shall provide for immediate payment of 2 per cent. of the sale price of the land, including reclamation costs and in addition not less than 10 per cent. of the cost of the farm improvements. The balance of the cost of the land and of the reclamation costs is to be paid in forty-four years, together with interest on deferred payments at the rate of 4 per cent. The amount due on farm improvements is to be repaid in a period not to exceed twenty years in annual payments sufficient to return the annual sum and interest at 4 per cent. on deferred payments. Short-time loans are to be repaid in a period not exceeding five years."

Catholics ought to be especially interested in any good land colonization plan, because there are altogether too many of our people in the cities. The proportion of Catholics already in the cities, or going to the cities, is increasing faster, I think, than the urban population as a whole. I do not think that this is a healthy trend; I do not think it is a good thing for our people to concentrate in the cities. The objection that it is not desirable to have Catholic families isolated in the rural districts without churches and priests, does not apply to the land colonization plan that we are discussing; for it

provides for the group plan of settlement. It would be quite possible for Catholics to form, or to become a part of, one of these groups in sufficient numbers to support both a church and a Catholic school. The main advantages of the group feature are as follows:

"The early settlers on the Western farms often underwent severe hardships that settlers of to-day would shrink from — hardships that would have been often unnecessary if saner methods of settlement had been adopted. The sons and grandsons of those settlers know of the early trials and disappointments only by hearsay, if at all; but the valuable farms which they have inherited are real. And so it is not to be wondered at if they are slow to see the need of giving greater assistance to the soldier farmer of to-day than was given to the veterans of the Civil War.

"But the individual soldier addressing himself to the problem without appreciable capital cannot unaided build the dams and dig the trenches necessary to make an irrigated farm out of a stretch of desert land. If the thing is to be done economically, a hundred or a thousand farms must be prepared at a time.

"Similarly one farm cannot be created from a vast swamp. The whole swamp must be drained at one operation.

"The individual settler can make a farm out of a cut-over area, but it is a back-breaking operation. Power machines can be obtained to pull stumps, but they represent a considerable investment of capital. They can be used to advantage only when large areas are to be cleared of stumps. They are too expensive for the individual settlers to employ. And so clearing cut-over land is a matter for group rather than individual action.

"Where the soil, once cultivated, has been allowed to deteriorate and cultivation has been abandoned, it may

require two or three years of building up before profitable crops can be obtained. Here again the individual settler without capital is unable to cope with the situation. He needs guidance and credit in order that he may plan wisely and wait patiently, and these can most profitably be furnished to settlers in groups.

"But even after the land is prepared for cultivation and crop-growing, there are many advantages accruing to the settlers who act in unison. Houses and farm buildings must be planned and bought and built, and this planning and buying and building can be done much more cheaply and satisfactorily when it is done wholesale.

"Better grades of livestock will be produced if the breeds are standardized for the whole community. Better prices will be obtained for livestock and crops if coöperative marketing is practiced.

"Farming is a seasonal occupation. At certain times of the year the farmer needs outside assistance. A great deal of the extra labor which the farmer calls in is casual labor — hobo labor. The hobo is without family ties. He is a social outcast. He is a social menace. But in properly organized farm communities a place is reserved for farm labor. Laborers' allotments of an acre or two are provided for the laborer where he may keep his cow and chickens and garden. He may marry and bring up a family and lead a normal life, spending his spare time in his garden when he is not able to secure day's wages. The plan enables the farmer to have a reliable labor supply and it enables the laborer to lead a human life."

Unfortunately Congress is not likely to put the land colonization plan into effect. Probably the main reason is that the soldiers showed no great interest in the scheme, and the politicians in Congress have no important practical reason therefore for adopting it. Moreover, Secretary Lane's bill has been considerably mutilated in the Committee

on Public Lands of the House of Representatives.

We think of the social question most of the time as an industrial question, as one that relates to urban industries mainly, but a large part of it is rural, is agricultural. The food problem is one part of that agricultural question, the probability of an enormously rapid increase in the price of farm land is still another; the problem of coöperation among farmers is still another; and these do not exhaust the list. The Bishops' Program deals only with the problem of land settlement.

Among the agencies created by the war which the Bishops' Program recommends to be continued, is the National Employment Service. This institution was created in January, 1918. Between that date and the first of March of the year, 1919, when the service became considerably crippled by the failure of Congress to provide a sufficient appropriation, an extraordinary amount of work was accomplished. Nearly a thousand offices were established in different parts of the United States, and nearly four million men and women were given employment. The object of it when it was founded was to supply the war industries with operatives, and in that it succeeded very well. It coöperated with the state employment bureaus, with the municipal employment agencies and with the private agencies. If the business of finding jobs for the men who want them, and finding men for the employers who desire help is to be adequately carried on, it will have to be done through a national agency. I do not mean that the state, municipal

and private agencies ought to be abolished — not at all — I think there is a place for all of these; but not all three of these agencies together are sufficient to carry on the work of bringing the jobless man to the manless job. They must be supplemented and coördinated by a national system. Unfortunately the present Congress has seriously hampered the work and the development of the National Employment Service by refusing to provide it with sufficient funds. Indeed, it seems to be the general policy of the present Congress to discredit and cripple every good institution set up by the present national administration. However, some of the Congressmen who voted for crippling the Employment Service are not now quite so confident as formerly that they acted wisely in this matter.

The second war agency which the Bishops' Program recommended to be continued was the National War Labor Board. Just as the National Employment Service was organized in order to provide men for the war industries, so the National War Labor Board was organized in order to keep the war industries going by preventing industrial disputes, strikes and lockouts. The Board, as many of you know, was organized on rather a simple plan. There were six men representing the employees and six representing the employers, with an additional person — or rather two additional persons who were the joint chairmen of the Board, one representing the workers and the other the employers, although in theory they were representing the general public. As a matter of fact, each repre-

sented one side; Mr. Frank P. Walsh was chairman on the labor side, and Mr. William Howard Taft on the employers' side. The Board proceeded upon a few general but very fundamental and important principles. One of these was that labor is entitled to a living wage, that is, that male adult laborers should receive a wage sufficient to maintain their families in health and reasonable comfort. In fact, the language in which this principle is stated by the members of the War Labor Board is almost identical with that of Pope Leo in his encyclical, "On the Condition of Labor." It can be inferred, I suppose, that Mr. Frank P. Walsh was responsible for that. Another principle was that labor should be free to organize and bargain collectively with employers. Another was that union labor should not interfere with non-union laborers who did not wish to join the union.

The Board prevented a very great number of strikes; it adjusted a very large number of disputes; it determined what living wages were, or the number of dollars per day necessary to enable a man to support himself and family decently — did that deliberately through experts who made actual studies of the cost of living. It enforced what was practically compulsory arbitration in all of the industries over which it had supervision, namely, the industries that were directly or indirectly related to the carrying on of the war. The Board had this power to set up living wage standards and enforce them, to prevent strikes and to enforce decisions, because it was supported by the war powers of the

President. In fact, there were only three cases in which the awards and decisions of the Board were rejected, two of these by the employers and one by the employees. In all three cases the rebellious persons were probably sorry that they objected. One case was that of the Smith & Wesson Arms Company of Springfield: it refused to accept the decision of the War Labor Board, not only in the matter of wages but on the question of dealing with its employees as a group. The Smith & Wesson Company wanted to deal with the employees individually. Well, the War Department promptly took over and operated the concern. The Western Union Telegraph Company refused to accept the decision of the War Labor Board, and Congress passed a law putting the telegraph business under the control of the United States Post Office Department. Some employees in Bridgeport refused to accept the wage award made by the Board, and they were promptly told by the President that if they persisted the immunity from the draft which they had been enjoying as workers in a war industry would be taken from them, and they would have to go into the war like anybody else: also they would be black-listed so that they could not get employment in any industry that was under the charge of the War Labor Board.

The Bishops' Program does not propose that a Board having such powers should be enabled to operate, for under our form of government a Board of that sort would not be legal in time of peace. The Federal Government has no power directly

to regulate industries at all. It could not pass an eight-hour law, for example, nor a wage law, nor any law directly regulating industry. The only power it has over industrial relations is derived from two little clauses in the Constitution: one is called the commerce clause, and the other is the taxing clause. The commerce clause authorizes the Federal Government to regulate commerce among the several States. Under that authorization Congress has very considerably interfered in industrial and business relations. For example, it passed a law preventing any railroad from requiring its employees to work more than sixteen hours out of the twenty-four, on the ground that it was regulating interstate commerce. The brakeman on a railroad is an instrumentality or part of interstate commerce. The regulation of his hours of labor under the head of or with a view to safety, is a regulation of interstate commerce. The law which Congress passed requiring cars to be equipped with safety or automatic couplers was passed under the same authorization, that it was regulating interstate commerce; but Congress could not pass a law requiring every factory to put in safety devices or forbidding any manufacturing establishment to work its employees more than eight hours in twenty-four, because that would not have any relation to interstate commerce. Therefore, it is not within the power of Congress to set up an arbitration board and authorize it to fix rates of wages, or enforce compulsory arbitration in all disputes. Probably Congress could do that in connection with the railroads;

in fact, a bill before the Senate last winter for restoring the railroads to their owners had a clause in it making strikes illegal. If that were held constitutional it would be on the ground that it is a regulation of interstate commerce. Aside from that case of the railroads, it is very improbable that Congress has the power to set up an arbitration board which would have anything like compulsory powers.

What the Bishops' Program recommended was that Congress should continue the War Labor Board in existence, and give it "all the power for effective action that it can possess under the Federal Constitution." Congress did not see fit to accept this recommendation. It not merely crippled the Board as it did the Employment Service, but let the Board go out of existence and put nothing in its place. This is probably the worst example of incompetency of the present Congress. In the last few months we have had a perfect epidemic of strikes, friction of all sorts between employer and employee, unprecedented unrest, with a large amount of ink spilled over the subject of revolutionary agitators and bolshevism, and all those other manifestations which we are led to believe would mean the very destruction of our form of Government; but Congress did nothing to provide any agency to deal with the situation.

What could Congress have done? Why, it could have provided a tribunal that would be on the ground to mediate between employer and employee whenever a dispute was threatened. It could do

what it did several years ago through the Newlands' Act, which provided a tribunal which did mediate between railroad corporations and their employees with vast success, and which prevented a great number of strikes. Congress could set up a similar body to act in connection with industries in general. The Secretary of Labor, Mr. Wilson, brought before the late lamented (or not lamented, according to our point of view) Industrial Conference which was held in Washington a rather elaborate scheme of this kind. It provided for fifteen boards in the fifteen principal industries, the boards to be composed of an equal number of employers and employees. In case of a dispute this local board would try to intervene and bring about a settlement. If the local board could not settle the difficulty, for example, in the steel industry, the case was to be appealed to a supreme board, a court of appeals from all of these fifteen boards. That board was likewise to be composed of equal numbers of the two bodies, employers and employees, and also include a third group appointed by the President, so that there would be an impartial element in the organization.

In its report on the steel strike, the Senate Committee recommended a national board of mediation, conciliation and arbitration to prevent, so far as possible, future disturbances of this kind. These and other senators would have done the country a much greater service had they acted upon this principle several months ago, when they were urged not to kill the War Labor Board. Possibly the

experience of the steel strike and the coal strike will arouse Congress to the vital need of establishing a national board of mediation and arbitration.

The final subject that we are to discuss this evening is that of Women in Industry. This belongs under the head of problems created by the war. The Bishops' Program is very brief on this subject. It makes two general observations and lays down two general principles. The first observation is that in so far as women are to be displaced from the industries in which they entered during the war, the process should be carried on in such a way as to bring them the least possible hardship; and the second general observation is that women ought to get out as soon as possible of the industries which are bad for their health and morals. The two principles of general application which the Program lays down are these: first, that the proportion of women in industry should be kept as low as possible; and, second, that women should receive equal pay for equal work with men.

The first of these statements or declarations, that the proportion of women in industry ought to be kept as small as possible, probably has displeased many persons; but if we view the function of women in life according to traditional Catholic teaching and according to sound social doctrine, we shall have to admit that that principle is absolutely correct. If the great majority of women should be home makers rather than operatives in industry, then this declaration is absolutely correct. We know, as a matter of fact, that the majority of

women who are in industry are there only temporarily; that the great majority of them do not expect to stay there permanently. Therefore, the endeavor should be to keep the proportion as small as possible. Now "as small as possible," does not mean reducing it to, say, one-twentieth of its present volume. That is out of the question: it means relatively to the existing situation. Now the existing situation is that the proportion of women in industry is increasing all the time. The increase in the number of female wage earners greatly exceeds the increase in the female population. When it is said that the proportion of women in industry ought to be kept down to the lowest practical limits, that must be understood as relating to the present trend; and unless we are prepared to admit that it is the normal function of woman to be a worker in industry outside of the home all her life, we shall have to admit, I think, that the recommendation is substantially sound.

The second general principle which the Bishops' Program laid down is that of equal pay for equal work. At first sight, this seems to contradict the living wage principle. According to that principle, a male adult should have a wage sufficient to support himself and his family in frugal comfort. The woman employee, not being the head of a family, in order to have a living wage should receive an amount sufficient for her own decent living and reasonable support. When we say that a woman ought to receive as much as a man if she is doing the same work as he is, we imply that the

man's wages must be reduced to hers or that hers must be increased to the living wage measure of a man. Now I do not think there is any contradiction between those two principles at all. We must remember that the living wage is not an absolute or complete measure of justice: no Catholic authority claims that it is. It is merely the minimum of justice, and there are other factors which enter into the determination of how much wages either a man or woman is entitled to have. For example, the man who must spend a good deal of time and money in preparing for his occupation ought to get wages that would be in excess of a living wage; after he becomes a wage earner he ought to get enough to repay him for the time and expense that he underwent in preparing himself for his occupation. There are several other considerations that ought to be taken into account in fixing what would be a completely just wage in the case of a man. The same thing can happen in the case of a woman. A woman should have at least a living wage, but there may be reasons why she should get more than that; there may be reasons why she should get the same wage as a man in the same occupation.

The simple economic reason is that if women and men are paid at different rates in the same occupation, one of two things will happen: either the man's wage will be reduced to the level of the woman's or men will insist that women get out of that industry. It is not possible for the two sexes to work side by side and receive different rates of wages,— I say it is not economically possible.

Sometimes one of these alternatives takes place and sometimes the other. In the telephone industry, at least in the telephone exchanges, what has happened is that the men have abandoned it, and the wage has gone down to the woman's level. In other places, where the men are strongly organized, they insist on monopolizing the occupation. This is a simple reason and a sufficient one why women should have the same wages as men when engaged at the same work.

The Woman's Branch of the U. S. Department of Labor declares, in its "Standards for Women in Industry," that the living wage for women should be based, not on her individual needs, but on these plus the needs of dependents. This would make women responsible for the support of the family. As a matter of fact, we know many women are doing it; but that is not the normal situation, and no general standard or principle for wages should proceed on the basis of an abnormal situation. Besides, the thing is impossible of application economically, unless you assume that every woman is potentially responsible for dependents. It is impossible to pick out the women with dependents and say that these shall get more than individual living wages. If you say that all women should receive wages sufficient for the support of a family you assume that a woman naturally is the bread-winner of the family, and you overturn the normal relation. I am surprised that the women in the Department of Labor have made that declaration. As a matter of fact, it is not the standard in any of the States that have

minimum wage laws, and there is not one chance in a thousand that it will be adopted by any of them for a number of years. They have all fixed wages on the theory that in the majority of cases the woman has no dependents, that she has only herself to support.

Of the four recommendations of the Bishops' Program which we have considered this evening, three have been entirely disregarded or inadequately considered by Congress. The recommendation for the adoption of Secretary Lane's plan for land colonization has not been adopted at all and probably will not be adopted. The recommendation for the continuation of the Employment Service has been followed inadequately. However, there is good reason to believe that before long Congress will reverse itself on this point, and will provide sufficient funds to maintain the organization of the National Employment Service on a sufficient basis and with sufficient scope for its activities. The recommendation regarding the War Labor Board has been entirely disregarded, and no organization has been created for the prevention and adjustment of industrial disputes. Nevertheless, all three of these institutions, the Land Colonization plan, the National Employment Service, and a National Board of Mediation and Arbitration, are imperatively necessary and will sooner or later have to be established.

CHAPTER III

HIGH WAGES AND HIGH PRICES

Last week the general topic was Problems and Agencies Arising Out of the War. The problems considered were replacing the service-men in industry, and getting some of the women out of industry with the least possible amount of friction. The two agencies discussed were the National Labor Board and the National Employment Service. To-night we shall continue the consideration of problems and agencies arising out of the war, specifically wages and prices, or high wages and high prices. These have been occasioned by the war.

One of the statements in the Bishops' Program is that the present level of wages should not be reduced, with the exception of a small number of cases. That statement received considerable criticism at the time the Program was issued. I do not think it is receiving so much criticism now. The reasons given for that declaration were three. First, that wages have not on the whole increased faster than the cost of living since 1913; second, that the average level of wages now, high as it is, is not above a living wage in the great majority of instances; third, that even if it were true that the majority of workers are getting more than a living

wage, there are no good reasons why their remuneration should be reduced.

The first reason given in the Program is that wages have not increased faster than the cost of living since the beginning of the war. When that was published, there were no statistics of current wages which were at all general. It was known that high wages prevailed in certain industries, such as, the shipping industry and other industries having to do with war supplies, but there was no scientific or statistical information available. Recently, however,— within the last two weeks — some rather general and fairly representative figures have been published concerning the present level of wages. In the light of these we can judge of the correctness of the statement in the Bishops' Program that wages have not increased faster than the cost of living. There are sufficient statistics to form a fair approximation to the truth, and to produce some confidence in the judgment that was pronounced in regard to the rise in wages and the rise in the cost of living.

The Bishops' Program stated that the cost of living had risen at least 75 per cent. since 1913; that is, from 1913 until January or February, 1919. The recent figures given by the U. S. Bureau of Labor Statistics indicate that the rise in the cost of living from 1913 to December, 1918, was about 74 per cent.; so that the statement in the Bishops' Program was not far out of the way. They show, further, that the rise in the cost of living from 1914, just before the war began, to June, 1919, was 75 per

cent.: that is the general average throughout the country. No one pretends, at least in the Bureau of Labor Statistics, that these figures are based on complete knowledge of all the important influences or elements that enter into the cost of living. All that can be claimed is that these are the prices of a sufficiently large number of commodities to be fairly representative of what the cost of living is, and that the figures have been gathered in a sufficient variety of cities and towns in the country to justify putting them down as a general average. Now as to wages: The National Industrial Conference Board published recently a statement of the weekly increase in wages in eight industries between September, 1914, and March, 1919 — about the same period covered by the cost of living statistics. The increase in wages for male workers varied from 62 per cent. to 110 per cent., or an average of 85 per cent. That is 10 per cent. more than the increase in the cost of living. The wages of females increased 60 per cent. to 75 per cent., or an average of 66 per cent. It may be interesting to know what industries these were, so that you may have some idea of the importance of these figures as representing the remuneration which prevails among large classes of workers. The industries are metals, cotton, wool, silk, boots and shoes, paper, rubber and chemicals. These are manufacturing industries. The United States Bureau of Labor Statistics has published the hourly earnings in eleven large industries, four of which are about the same as four of those in the list of the Industrial Conference

Board. In these eleven industries, wages increased between 1914 and 1919 from 51 per cent. to 114 per cent., an average of 75 per cent., which was the same as the increase in the cost of living. The Bureau also published the figures for wages in two other industries, namely, anthracite coal and bituminous coal. The increase in wages in the former is only 50 per cent.; and the latter only 30 per cent. Hence the coal miners who are on strike now, and who have been giving the government considerable trouble because of the strike, have some just claim to an increase in wages. Since 1914 their wages have increased only 30 per cent., and the general cost of living has gone up 75 per cent. Probably the cost of living has not risen 75 per cent. in the regions in which these coal miners live. Rents probably have gone up only slightly with them, and perhaps some other items have not increased anything like 75 per cent.; but, even after we make all due allowance for these exceptions, we still find the increase in their wages rather meager as compared with the increase in the cost of living. They have not had an increase in wages since 1917, and we know that the cost of living has increased considerably since that time.

These statistics of increases in wages bear out fairly well the declaration of the Bishops' Program that wages have not, on the whole, increased faster than the cost of living between 1914 and 1919. The probability is that there has been a slight excess in the increase in wages over the cost of living, taking the country as a whole, but it is not alarming,

and it is not nearly as great as many people think. There have been enormous increases in the remuneration of certain classes; but when we talk about a general rise in wages, we are not talking accurately unless we have the results of a very large and very representative set of figures and investigations.

The second reason which the Bishops' Program gives for not reducing wages is that, for the most part, the present level of wages is not in excess of what is required for a reasonable and decent cost of living. In the eight industries described by the National Industrial Conference Board, the average weekly wage for males March, 1919, was $23.37: that is a little less than four dollars per day, and four dollars per day is scarcely a living wage for a family in the cities to-day; most authorities would say that five dollars are required, and some would make the estimate higher. The average wage for females was $12.33 per week in these eight industries. That, I think, is not an excessive living wage for women in cities now. In Washington a few months ago I helped to fix wages for women in the printing and publishing trades there, to comply with the new minimum wage law. We agreed upon $15.50 per week. That figure was recommended unanimously by the men representing the employers, the girls representing the employees, and the persons representing the general public. A little later, under the same law in the same city, the same kind of a representative group fixed a wage of $16.50 for girls in the mercantile industry. This was considerably

higher than any minimum wage fixed by any public body in the United States. I think the next highest is $14.00. In the 27 large industries covered by the Labor Bureau survey, 48 per cent. of the males got less than 50 cents per hour, and 56 per cent. of the females got less than 30 cents per hour at the beginning of 1919. Working for 50 cents an hour for 10 hours a day yielded the worker $5.00 per day, which is about a living wage. If he worked only 8 hours he would have but $4.00. Thirty cents per hour for a ten-hour day, means $3.00 per day or $18.00 per week. That would be a living wage for women. If they work only eight hours a day the wage would be $14.40 per week, which is probably a living wage in most cities. Therefore, I conclude that the statement in the Bishops' Program, to the effect that the present rates of wages are not, on the whole, above a living level is fairly well substantiated by what statistics we have.

The third reason given for not reducing the present rate of wages is that, even though the present rates of wages are in excess of a living wage, there is no good reason for reducing them. The Program points out, in the first place, that no Catholic authority maintains that a living wage in every case is a completely just wage. The question of what constitutes a fully just wage is a tremendously difficult one; I do not know of any one who pretends to have answered it. I do not know how any one would go about forming a set of standards or rules by which to determine with any degree of accuracy what would be a completely just wage in the

case of any group of workers. As a matter of fact, when people talk about certain workers or classes of workers getting exorbitantly or outrageously high wages, all that they have in mind is that these wages are much higher than these persons were accustomed to receive. Of course, that proves nothing. If we took custom as a basis to determine the measure of justice, we never could increase the wages of even the poorest paid and the most sweated classes.

The industrial resources of our country are apparently great enough to give all the workers at least living wages, and quite a considerable portion of them something more. So long as that is the case, so long as we have the resources, there cannot be conclusively demonstrated any reason why the present rates of wages should fall, even though they be more than living wages in the majority of cases. As a matter of fact, the majority are not receiving more than living wages; even if they were, it is impossible to show that these wages should be reduced as a matter of justice. Moreover, there are some good economic reasons why they should not be reduced. Generally speaking, the higher the levels of wages are in a country at any given time, the better will be the conditions of business. High wages mean a large demand for goods by the masses, and this in turn means great activity of production. I do not say that this is always true, but merely that we can lay it down as a general proposition that a condition of high wages is better for business than a condition of low wages. Hence,

there does not seem to be any reason from the side of either justice or economics why present rates of wages should be lowered, taking them as a whole. Some extraordinarily high wages are being paid in certain occupations, but these will be brought down in time by the force of competition. In some cases, indeed, these exceptionally high wages will continue, for the reason that the occupation is not popular with wage-earners, and will not attract them unless the wages are what we should call extraordinarily high.

Suppose that wages should be reduced considerably: who is going to benefit thereby? For the most part the benefits will go to some employers, to the least efficient particularly, and to the more comfortable classes of consumers, who are not themselves wage-earners. The wage-earners will lose by the reduction in wages more than they will gain through the fall of prices. Inasmuch as the worker does not consume all that he produces, the gain from lower prices is shared by others, whereas a reduction in wages is borne by himself alone. Measuring in a rough way the comparative claims of the different classes, I think we are justified in concluding that the wage-earners have a greater claim to be favored in this matter than the comfortable classes of consumers and the least efficient among the employers. This is a tremendously difficult problem, and I am sorry that I cannot discuss it at length, in order to give some idea of the task that will confront industrial society for a long time to come, that of trying to adjust fairly the remunera-

tion of the different classes of workers in the community, and trying to weigh adequately the claims of the consumers against the producers. In relation to any given commodity, the consumers are mainly a different class from the producers, and between the two there is a real antagonism. No one, so far as I know, has discovered any formula which will enable us to say when the producer is exploiting the consumer by getting too much wages, and yet wages come ultimately from the consumer.

The second problem that we are to consider this evening is the reduction of prices. As already pointed out, prices have increased, that is, the general cost of living increased 75 per cent. between June, 1914 and June, 1919. Between the latter date and June, 1920, there was a further increase of 25 per cent. With regard to this problem of high prices, the Bishops' Program says that a general policy of government fixing of prices would probably not be effective, because public opinion is not ready for it and because Congress is still less inclined to do anything of the sort. We had some government price-fixing during the war in the matter of wheat, fuel, and a few other commodities. So far as it went and for the purpose for which it was instituted, it was a fair success. Remember I say " for the purpose for which it was instituted." That purpose was to prevent extortionate prices, or notably extortionate prices, on the one hand, and to increase the amount of products on the other. Therefore, the price was put pretty high; it was put high enough to induce people to raise wheat, for

example, who would not have done so otherwise. The same rule applied in the case of coal. People who complained that the price of coal fixed by the fuel administration was out of all proportion to anything that prevailed before, should have remembered that one purpose of this price-fixing was to guarantee to the owners of mines producing at a high cost a sufficient reward to induce them to continue operating. The mines, for instance, in West Virginia from which the product has to be hauled to the railroad in wagons, began again to produce, and did produce a good deal, because the price was high enough to enable them to make a profit. For the mines with better facilities of production this uniform price meant unusual profits. Yet the price was not fixed as high by the government as it would have been if the determination of it had been left to competition. The same thing holds good in the case of wheat. We thought the price of wheat was extraordinarily high at $2.20 per bushel, for it was a much greater price than wheat had sold for during the preceding ten years; but it induced farmers to produce wheat who could not afford to do so otherwise: moreover, $2.20 was considerably less than would have prevailed in 1918 and 1919 in the absence of government action.

Nevertheless this remedy would be scarcely effective in times of peace. The persons who produce any article, as wheat, coal, cotton, wool, or anything else, do not produce at the same cost. The question is, according to which of the varying costs is the price to be fixed? It should yield a fair

profit to the producer; but to which producer? To the one best situated? In that case, the least efficient producer cannot produce at all. Perhaps it is not a concern of the government whether many or a few are enabled to continue in business. That is one thing, but it is quite another thing for the government to come in and say "we realize that people do not want you to produce any more, and we are going to fix the price so that you cannot do business." That would be a serious responsibility for any government to take, and perhaps more than any government is willing to take. As things are, the government is not responsible for the high cost to the producer, and if he is driven into bankruptcy that is none of the government's business; but if the government fixed the price which drove the high-cost producer into bankruptcy, it would be to some extent responsible. Now that is the serious responsibility which confronts any government that attempts to fix prices in time of peace. It must make the price so high that every one can make some profit, the more efficient producers an enormous profit, or fix it so low that only those will be able to continue in business who are most efficient and whose product the country needs, or it must strike some average between the two, in which case some of the high-cost producers will be driven out of business, and the government will be then responsible. The question might then be reasonably raised whether the government ought not to compensate the latter for the losses inflicted upon them.

The Federal Government and some of the city

governments have been trying the remedy of prosecuting profiteers. With a great blare of trumpets that policy was announced a few months ago, and great hopes were raised that it would succeed in materially reducing the cost of living. It has not materially reduced it yet; it may have had some slight influence in that direction, because it has frightened somewhat a great many unscrupulous dealers and producers who were ready to boost prices still further and who had the power to do it. The prosecution by the Department of Justice of profiteers of this kind probably prevented some prices from being as high as they would have been if that had not been done; but we cannot expect that this method will reduce prices to any great extent, because the high level of prices is probably not mainly caused by profiteering.

Another remedy would be greater production. When the world gets down to the business of producing goods again at about the rate at which it produced before the war, we can look for a considerable reduction in the prices of commodities.

The Bishops' Program mentions monopolies as one of the causes of high prices of some commodities. The Program does not recommend any particular means of dealing with monopolies, and I do not know of any one that has any confident recommendation for meeting this problem. The consumer is compelled to pay unnecessarily high prices through one combination getting control of a certain commodity, or more frequently through a number of different combinations or concerns

coming to an agreement among themselves as to what the price shall be. That, I say, is more frequent than the other form. It prevails in many lines of retail merchandise. Certain staple groceries are sold at the same price in all the stores of the city. That does not happen by accident. Sometimes all that is necessary to effect an agreement of this kind is to have a central "bureau of information," as it is euphemistically called. From this bureau a man with a telephone at his elbow communicates with each of the stores and gives them the prices quoted for the day, and they act accordingly. That is what a monopoly means, concerted action to fix prices. What can be done about that? I don't know. The remedy of the government fixing a maximum price is one commonly advocated, but for the reasons I have already given, and for many other reasons, that does not seem to be an adequate remedy.

The Bishops' Program suggests that the policy of the government competition should receive more attention than it has as yet received. That is a rather radical method, but we may have to come to it. It has been instituted in a small way in some States of the West. In my own State of Minnesota, some 30 years ago, the farmers who were in control of the legislature enacted a law providing that prisoners in the state penitentiary at Stillwater should be employed making the twine which the farmers use in binding grain at harvest time. The prison-made twine was sold at four cents a pound less than the price of the twine made by the private

manufacturers. More recently the State has gone into the business of manufacturing a whole line of harvesting machinery in the state prison. Of course, the effect has been to keep the price of the prison-made machines below what it would have been if farmers were obliged to get them from the private concerns. And the privately manufactured machines are likewise sold at a lower price in Minnesota, owing to the state competition. There seems to be no good reason why that practice should not be extended, if no other method seems adequate to restrain the rapacity practiced by monopolies, and through agreements between firms that ought to be competing with one another.

The Bishops' Program recommends as the best remedy for high prices the organization of coöperative stores. That has been found to be a very effective remedy in England, and a very effective method of benefiting the consumers, especially the poorer classes of consumers, even when the prices are not excessively high. The method is very briefly this: a group of persons in a community get together and organize a consumers' mercantile concern. It is a joint stock company, but every stockholder has one vote and no more than one, no matter how many shares of stock he holds; so that the thing is extremely democratic. The store sells its goods at about the same rate as the privately owned stores, but the profits from the sales are distributed among the consumers as a dividend on purchases. The consumers who are stockholders get interest on their investments — 5 per cent. I believe is the

usual figure in England — but in addition to that they get a dividend on the purchases and out of the profits of the concern; so that the saving which the consumer makes is not in the way of cheaper goods at the time he buys them, but in the way of this rebate or dividend which he gets every three months. That, in substance, is the scheme. It is a great education in democracy, in saving, in thrift, and a great training in the art of coöperation. It makes for altruism as against selfishness; it gives men self-respect when they find that they are, after all, able to do something in the way of managing a business concern, when the truth comes home to them that business ability is not something to be found only in a few human beings, but that there is a certain amount of it in everybody. From this experience they acquire more confidence in themselves, have more respect for themselves, train themselves to take more interest in social affairs as against their own private, selfish affairs. This consumers' coöperation would prepare the workers for the day when they could combine to produce things as well as to own stores. Many of us believe that the workers will not forever be content to be merely wage-earners. Many of us believe that they should be the owners and managers of the tools which they work, and that the only way of preparing them for this is through these coöperative stores.

The beneficial effects of coöperative stores in reducing prices could be greatly increased through cooperative marketing associations organized by the farmers. A whole army of unnecessary middle-

men could be eliminated if the farmers were organized so that they could sell directly to the consumers. Both classes would be immensely benefited.

In spite of all these remedies, prices will continue to be pretty high, at least they will not recede to their pre-war level, for a good while; for the principal cause of high prices is the increase in the volume of currency in circulation. Prices are high mainly because the purchasing power of the dollar is low. The purchasing power of the dollar is low because we have too much money in circulation for the amount of business that is to be done. Practically all economists are agreed in accepting what is called the quantitative theory of money, which holds that if the quantity of money increases faster than the amount of business to be done, prices must go up, since money is becoming cheaper. Remember that money is not a fixed measure like a yardstick, which always remains three feet in length. Money is subject to the law of supply and demand. For many years the supply of gold has been increasing too rapidly, and during the war we have had inflation of the currency and too many substitutes for money. So long as this condition continues, the dollar will be cheap, and everything for which it is exchanged will be dear.

CHAPTER IV

A LIVING WAGE BY LAW

In the last two lectures we discussed some problems and agencies of reconstruction which were created by the war. To-night we begin the consideration of the third part of the Program, the part which deals with evils and remedies for which the war is in no way responsible. The measures of reform which are proposed in this part of the Program were under discussion before the war, and the problems and evils which they are designed to meet existed before the war.

The topic that we consider to-night is a Living Wage by Law. When the Program took up the problems of industrial maladjustment, it was natural that a beginning should be made with wages, because this subject is fundamental: the remuneration of the laborer is the most important single question in any scheme of social reform. Bernard Shaw declared a few years ago that the trouble with the poor was their poverty. Similarly we may say that the industrial question in so far as it relates to the less prosperous classes, is a question of wages almost entirely. If the working people have sufficient income, they will be able themselves to meet many of the problems for which reformers are trying to

find remedies, such as insurance against sickness and accidents and old age. The objection might arise that the question of a living wage is not very pertinent at this particular time; that wages are now so high as to make irrelevant the question how a living wage shall be established, whether by law or by any other method; but I think that one or two statistical statements which I made last week indicate that the question is not altogether an antiquated one. Some of you will recall, perhaps, that in those twenty-eight industries in which a survey was made by the Bureau of Labor last year, about 48 per cent. of the male workers were getting less than fifty cents per hour, or less than five dollars per day on a ten hour basis, and less than four dollars on an eight hour basis; whereas, in cities at any rate, five dollars per day is not more than a living wage. So, the question is still pertinent, and may be more pertinent later on than it is now.

The Bishops' Program takes up this subject with the statement that happily there are very few persons of intelligence and fairmindedness who any longer deny the right of labor to a living wage; next it declares that the important thing is to make the living wage universal, and this means that the States should enact laws making it illegal to employ any laborer at less than a living wage; and toward the end of the Program the statement is made that the laborer's claim to a living wage should be satisfied before the employer's claim to interest on his investment, in case the two cannot be satisfied at the same time.

The most famous and influential declaration concerning a living wage was that made by Pope Leo XIII in his encyclical on the Condition of Labor, some twenty-eight years ago. The substance of that statement was that, while it is proper for employer and employee to make free agreements concerning wages, still there is "a dictate of nature more ancient and more imperative than any bargain between man and man, namely, that the remuneration of the worker should be sufficient to enable him to live in reasonable and frugal comfort." A few lines further on in that document the Pope says, "if, through necessity or fear of a worse evil the worker accepts less than this measure of remuneration, he is the victim of force and injustice." That, I say, is the most famous and the most influential statement that has been made on this subject. It clearly places the laborer's claim for remuneration in the class of rights. The prevailing economic doctrine up to a few years ago was that a free contract is always a fair contract; that no matter how low a wage a worker agrees to accept, or how high a price the consumer agrees to pay, both are fair as long as the contract is free. In this theory free contract was made the determinant of justice. Now the statement of the Pope directly contradicts this: it asserts that, generally speaking, a free contract ought to govern, determine and fix wages, but that there is a limit to the moral lawfulness of a free contract in this matter; that the contract must not be of such a nature that it will deprive the worker of at least that amount of wages which will

enable him to live in reasonable and frugal comfort. So, the Pope places the conception of a right over against the conception of a free contract. I shall return to this point presently.

Last week somebody asked the question, "What is a living wage?" particularly as regards women workers. The lady wanted to know whether it meant a fair wage or a mere subsistence wage. I answered that it was a compromise of some sort between the two. The living wage for male workers is generally understood to be a wage that will enable him and his family to have a decent livelihood. Well, what is a decent livelihood? We speak now of the minimum amount, the least amount of goods which will satisfy the demands of a decent livelihood. It means something more than a mere existence; it means something more than the necessaries which will enable a worker to function effectively as an instrument of production; it means something more than merely keeping him and his family in health. It means, in general, that amount of goods which will enable a human being to live as a human being rather than as an animal, even a well fed animal. It supposes that he shall have food, clothing and shelter sufficient to maintain him and his family in health, and that they shall have the means of some recreation, at least sufficient recreation to enable them to be healthy and enjoy an elementary degree of contentment. It means some opportunity for social intercourse, the possibility of meeting their fellows, those of their class, in a social way without loss of self-respect. It means the requisites

of a religious and moral life; therefore, the opportunities and conditions of being a member of a church, of living in a neighborhood in which the dangers to morals will not be unreasonably great. It means also some opportunities for intellectual development, some reading matter, and at least an elementary education for the children. In general, therefore, it comprises an elementary degree of physical, mental, moral, religious, social and recreational welfare. That is about as clearly, I think, as the concept can be defined in general terms.

When men attempt to put that conception into terms of money, they naturally differ considerably one from the other, and yet wherever the thing has been systematically undertaken men have been able to come to an agreement. It is probably more easy for a group of fair-minded men, even drawn from different classes, to agree as to what constitutes the minimum requirements or minimum cost of a decent livelihood for a man and his family than it is for employer and employees to make a bargain that will be mutually satisfactory. Probably the amount now required is 1400 to 1500 dollars a year.

Pope Leo XIII says the worker has a *right* to a living wage; that it is not merely *desirable* that he should have this reasonable minimum of the good things of life, but that he has a *moral right* to this much,— a right having the same moral force as the right which we assert to our money if somebody attempts to take it away from us. Why does a laborer have such a right — why do we say that he has a right to at least that much remuneration? In

order to answer that in the shortest possible form, and to make it as clear as possible in a brief form, we have to keep in mind three important facts or factors. There is, first, the fact that this earth of ours, the nursing mother of us all, was created by God for all human beings. He did not pick out any certain class and hand it over to them. The second fact is that the goods of this earth become available as a rule, only at the cost of labor. The command in the book of Genesis, "In the sweat of thy brow, thou shalt eat thy bread," announces not merely a law but a fact, that men do not get a livelihood from the earth unless they work for it. And the third important fact to consider is that the earth does not, even for those who work, produce its fruits in unlimited abundance. Therefore it is possible for a group of persons, large or small, to be in control in any given time and country of all the natural resources, and that group may be less than the whole number of the country's inhabitants.

As a result of these three factors: first, that God made the earth for all human beings; second, that men must get their livelihood from the earth by labor; and, third, that it is possible for a part of the people of any country to get possession of the earth,— it follows that the laborer has a right against the masters of the earth to a decent livelihood.

Every person has a right of access to the earth, an equal right with everybody else. There is nobody living — I do not care what his condition is — whether he be a multi-millionaire or whether he has any money at all, who can say to his fellow, "I

have a better right to get my livelihood from the earth than you have." Men are equal in that respect. Of course, if one wants to say that there is no such thing as rights in this matter, that the man who gets possession of the earth first may properly exclude all others from any share in it, there is no possibility of answering such a person by reason, because he denies the existence of rights. He asserts, in effect, that he is of a superior nature to the rest of men, that he has all the right in this case, and that other men have no rights.

When a man has performed a reasonable amount of useful labor, his right of access to the earth becomes a right to a livelihood from the earth against the persons who have control of it. To put it in other terms, the persons who have control of the resources of the earth are bound so to exercise that control that the man who performs a reasonable amount of labor will be able to obtain at least a decent livelihood. Or, to put it still in another way: the persons who are in control of the earth are obliged to permit all persons to get a decent livelihood from it on reasonable terms, and the main element in " reasonable terms " is the performance of a reasonable amount of labor. Such is the ethical basis of the right to a living wage, or the right to a decent livelihood.

Suppose it be objected that the worker who performs a reasonable amount of labor has a right to a living or an existence from the earth, but not a right to so much of the earth's goods as are equivalent to a decent livelihood. The answer is that the

human being is a person, not an animal; that he has intrinsic worth and sacredness; that he has faculties to be developed which are above his physical faculties; and that he has a free will and a rational soul. Since God has imposed upon him the obligation of attaining his eternal end, his eternal salvation, God wishes him to have the means which are adequate for that purpose. Now a human being will not have the means to attain his salvation, will not have the means to live a reasonable life, unless he has that minimum amount of the material things and opportunities which is equivalent to a decent livelihood.

Therefore the persons in control of the goods of the earth have no more right to exclude the man who performs a reasonable amount of labor from this measure of the good things of life than they have to deprive him of his liberty, or to compel him to work as a slave. Suppose they say, "yes, we will give him a decent livelihood, but we will make a slave of him; we will give him a living just as a father gives a living to a child who is not able to care for himself." Every one here would say, "that is wrong; that is a violation of man's right to freedom"; yet it is no more a violation of his rights than is this other action of conceding to him only the means of subsistence. His rights are violated in the latter case quite as certainly as in the former; it is a different kind of right, but it is a right that is essential to a reasonable life, and that is the end and purpose of all rights. Through all this conception of a living wage, a decent wage, a

decent livelihood, we have the idea of man as a person, as a being of intrinsic worth, with faculties which he has a right to develop and which God wishes him to develop, which he must develop if he is to have the opportunity of working out his salvation and living his life as a person made in the image and likeness of God.

Now this language may seem elusive and vague, and yet it is not possible to justify human rights by anything like a mathematical argument. If the proposition that a man has a right to a better living than a well fed horse does not appeal to us as persuasive, there is no way of proving it that I know. Either the principle is self-evident or it is nothing. As a matter of fact, it is self-evident to most persons when they examine its elements, and it is more or less self-evident to all persons instinctively. I think the best proof that the proposition is self-evident is the fact that hardly any person any longer will publicly assert that a laborer ought to be paid less than a living wage.

It was not because some men were morally blind that they once denied the laborer's right to a living wage, but because they thought they had moral sanction for a different kind of conception, namely, the conception that in the wage agreement, as in every other bargain, a free contract is always a fair contract. Of course, there is no sacredness whatever about a free contract in itself; it may be unfair, brought about by economic force. There is no more sacredness in economic force as a determinant of a fair contract than there is in physical force.

When a highwayman points a pistol at the wayfarer and says to him, "give me your money or I will shoot you," and the wayfarer hands over his money, no one pretends that the highwayman thereby gets title to this money, and yet it has been a free contract. The highwayman agrees not to shoot the traveler if the traveler hands over his money. The contract is free in a sense; for the traveler need not surrender the money; — he could wait and be shot. All admit that such a contract is not a determinant of justice. Neither is the contract which compels the worker to accept less than a living wage because of the fear of starvation for himself or for his family. In this case it is an economic force that prevents the contract from being free, and an economic force, I say, has no more validity, no more moral worth as a determinant of justice or as a basis of a free contract than physical force, physical pressure and threats, as in the case of the highwayman with the pistol.

A right to a decent livelihood means a right to a living wage in the case of a laborer. Why? Because that is the kind of industrial system in which we live. The goods and products of the earth are controlled in our industrial system by the employer. If it were the State that managed and operated industry the right of the laborer would be against the State, because the State then would have control of the means out of which wages must come. As a matter of fact, it is not the State that controls in our system; it is the employer. Therefore, the laborer's right to a decent livelihood from the fruits

of the earth becomes a right against the employer for a living wage. The employer is bound to pay that because he has the product, and he is the paymaster of society. There is no other reasonable way to determine rights and obligations in our system of production and distribution. Who else could be reasonably charged with the obligation of paying living wages except the man who has the product?

Suppose the employer says, "but this product is mine. I think that the laborer should have only this much of it, less than a living wage. Since the product is mine, why may I not keep it all except the equivalent of a starvation wage?" Perhaps the most effective reply to that question is another question: "Whence did you get ownership of this product? Who made it yours? You have the power over it, yes; so has the highwayman the power over my purse — if he thrusts a gun against me he compels me to hand it over to him. Physical power, economic power, legal power does not necessarily give you a moral right. The laborers have coöperated with you in producing the product. Why should you say that it is all yours except this amount you give to them which is less than a living wage?" It is impossible to prove that the product is the employer's, in the sense that he may agree to give less of it to his employees than will enable them to live decently. His control of that part of the earth's resources does not free him from the obligation of distributing it in such a way that the getting of a decent livelihood by those who work for him

will not be unreasonably difficult. Otherwise he is setting himself up as having a superior claim to the goods of the earth as compared to those who work for him.

How shall the living wage be brought about universally? There was a time when economists thought that the laborers would get not only living wages but something more through the operation of competition and the free play of economic forces. The general theory was that capital is increasing so much faster than labor that labor will be able through competition to get an ever increasing share of the product, while capital will get a relatively decreasing share. I do not think that many economists hold that opinion now. Greater experience has shown that economic forces and the free play of competition do not of themselves increase wages. The period of the war is almost the first time since the industrial revolution that the theory of the economists in regard to the laborer's share increasing through the free play of economic forces has been verified; but we all realize that this is a temporary condition, that the normal situation is rather that which prevailed for twenty-five or thirty years before the war, when wages were not rising except very slightly. It is probable that there was no rise in real wages, wages measured by purchasing power, between 1900 and 1915.

So, we cannot look to economic forces to provide the laborers with living wages. We cannot rely upon the benevolence of the employers either, because the majority of employers in competitive in-

dustries cannot pay much more wages than they are paying, and the few who could pay more unfortunately will not do so. They will pay the same wages as their least efficient competitor. The labor unions will not be able to provide a guarantee of living wages to all the workers, because those groups of the laboring class that need living wages most are the ones that are least able to organize. As a matter of fact, the persons in the labor unions of this country, men and women, are not more than 15 per cent. of the wage-earners.

The only method of bringing about living wages universally is that of legislation. That is to say, the State should make it illegal for any one to pay less than what competent authorities will determine to be a living wage. That means in the case of a man a wage sufficient for decent support of himself and family, and in the case of a woman remuneration sufficient for decent individual support. In times past there have been a few Catholics who have declared that this was socialistic, or that it was not in accordance with Catholic doctrine. I do not know of any Catholic now of importance who is making such an assertion. It seems to me as clear as any proposition can be that this device of a legal minimum wage is a proper intervention by the state, according to the Catholic principles of political ethics. The Catholic theory of the state is not the *laissez faire* theory; it is not the theory that the state should keep its hands off of industry, allowing individuals to have free play to compete with one another by cut-throat competition, and to

pay men starvation wages if they can get them to work so cheaply. The Catholic doctrine is that the function of the state in this matter is twofold: it must protect *all* natural rights, not merely the right of free contract, not merely the right of physical integrity, of protection against the thief and the burglar, but all natural rights; and the right to a living wage is one of the natural rights. Secondly, the state is obliged to do more, or at least may properly do more, than to protect rights; it may go further and promote the general welfare of the community or of a particular section of the community.

The general principle is expressed by Pope Leo XIII in the encyclical on "The Condition of Labor," in very definite, clear and brief terms: "When the general interest or any particular class suffers or is threatened with mischief which can in no other way be met or prevented, the public authority must step in and deal with it." Now that is about as sweeping a general pronouncement of the propriety of the state interfering in industrial matters as any one could desire. The only thing necessary to prove, according to this doctrine, that the state has a right to enact minimum living wages is to supply the minor proposition: "but a large class of the workers are threatened with or rather are suffering grievous economic evils which cannot be met except through state intervention. Therefore, it is proper for the state to intervene and establish legal minimum wages."

The legal minimum wage is no longer among the

novelties. It has existed in the State of Victoria, Australia, since 1896. It was applied in the beginning to only three trades; but it was extended gradually to trade after trade, and then from Victoria to the neighboring states in Australia, then to New Zealand and Tasmania, so that to-day they have the legal minimum wage throughout the whole of Australasia. Legal minimum wage laws were introduced into England in 1910 and now apply to a large proportion of the working population. Manitoba, and I think two or three other provinces in Canada, have minimum wage laws.

Fourteen States of the United States and the District of Columbia have such legislation; but in the United States the law applies to women and minors only, not to men. There are two or three reasons for that: the first is that the people are more willing to pass radical legislation where women and minors are concerned than where only men are concerned. The second is that the law compelling women to be paid living wages will more probably stand the test of constitutionality in the courts than would such a law applied to men. But when we who believe in a legal minimum wage speak of the desirability of its extension, we mean that it should be applied to men as well as women. There is no fundamental reason why it should be confined to women and minors. For a good while it was feared that the minimum wage law for women and minors would be declared unconstitutional; but finally the United States Supreme Court refused to nullify the Oregon law. When that law came before the United States Su-

preme Court on appeal, four justices voted in favor of it and four against it. Since the Oregon Supreme Court had declared the law constitutional this equal division of the Federal Court had the effect of sustaining the law.

There is the greatest irony in the constitutional jeopardy to which legislation of this kind is subject. It is attacked under the Fourteenth Amendment to the Constitution. The Fourteenth Amendment declares that no one shall be deprived of life, liberty or property without due process of law. Those who oppose minimum wage legislation say that it deprives the citizen of the liberty of hiring persons for less than living wages, or less than a legally fixed wage, and also of his property, inasmuch as it makes his business less profitable by compelling him to pay a higher wage than he would be obliged to pay in the absence of the law. I say there is the greatest irony in that, because this amendment was adopted, put into the Constitution, for the protection of the Negroes in the South, for the protection of an oppressed class that would otherwise have been deprived of these rights by the states. Now we have this amendment which was adopted for the protection of the oppressed black race, turned against legislation for the protection of an oppressed section of the white race. It is one of the curiosities of the Constitution. The clause itself is all right, but it is perverted to uphold a liberty which is unreasonable, the liberty to use economic force in order to get men and women to work for less than decent wages.

There are many objections against the legal minimum wage which I do not intend to go into at length, as my time is nearly up, but I shall state the substance of most of them. It runs thus: if you raise the wages of any class artificially, as by legislation, you will compel the product which they make to be sold at a higher price in order to provide the additional wages. If it is sold at a higher price, the consumption of it will fall off, the demand will be less. If the demand for the product is less, the demand for the workers to make the product will correspondingly decline; therefore, some of the workers will be thrown out of employment. You will have a smaller number of workers employed at a higher wage, instead of having a larger number of persons employed at a lower wage. The second evil is worse than the first.

Such is the substance of most of the economic objections. The main defect of the argument is that it proves too much. If that reasoning were correct, it would be folly for any group of workers to try to get their wages raised by any method whatever, because they would forge the same fatal chain of events: a rise in wages and an increased cost of production which must be passed to the consumer in the form of higher prices, which higher prices will cause a falling off in demand, which lessened demand will reduce the demand for labor. That argument applies against every increase in wages, even that due to the benevolence of the employer. So, I say, it proves too much. The answer to it in brief is simply this: There are four sources from

which the additional wages can come: first, from greater efficiency on the part of the workers. I do not say that this will always be forthcoming; but the general experience is that when persons who have been underpaid, getting less than living wages, are enabled to rise to that level, their productivity does increase somewhat. The second source is more efficient methods of production. Very often men employ cheap labor in place of machinery. It is cheaper to hire human beings than to put in a machine. It is easier to get on with antiquated methods of production, or with poor organization of productive processes so long as labor is cheap; but if more wages have to be paid, it becomes to the interest of the employer to improve the whole organization of his business and plant. There was a distinct manifestation of that in England in the tailoring trade after the legal minimum wage was established. The employing tailors put in improved machinery and improved the process of production generally, which they had not thought worth while before. In the third place, some of the increased wages can come from profits, and from the elimination of the least efficient employees. Finally, a part of the increased wages will have to come out of prices. Will these increased prices, insofar as they are necessary to provide additional wages, cause a falling off in demand? Not at all. Demands will be increased instead of diminished, owing to the greater purchasing power of these workers whose remuneration has been increased. Why is it that there is such a great demand for everything now?

that there is under-production in everything? One of the main reasons is that a large proportion of the working population has now a larger purchasing power than ever before. The workers are keeping industry going by providing a large and steady demand for goods in spite of the enormously high prices. It is probable that prices have increased since the beginning of the war three or four times as much as they would have to be increased if we had a legal minimum wage throughout the whole of this country for men, women and children.

CHAPTER V

SOCIAL INSURANCE

In the last lecture we saw that the Bishops' Program declares that the States should enact legislation requiring employers to pay all workers living wages. We gave a definition of a living wage and made some attempt to describe the content of it in terms of goods and welfare. That definition included merely the means necessary to meet present, certain needs, not the needs of the future nor contingent needs. The Bishops' Program states that the legal minimum wage rates should at first cover merely the present requirements of a decent livelihood, and that they should later be gradually raised so as to suffice for the future and contingent needs of the family. That statement was made evidently to meet the objection that if the law should all at once raise all wages to a level sufficient to maintain the worker and his family in decent comfort and provide for all the needs of the future, the increased wages would be so far above present rates that an injury would be done to industry.

The Program declares that until the time is reached when the workers receive sufficient wages to meet future as well as present needs, the former should be provided for by the device of social insur-

ance, and that this insurance should cover sickness, invalidity, accidents, old age and unemployment. In the normal situation all these needs should all be met out of the savings of the worker; that is, his wages should be sufficient to make this amount of saving possible. The theory is that the industry should provide a livelihood for the worker, both in the present and in the future; or, in other words, that the industry in which a person is employed should provide him with a livelihood that will be adequate to all the needs of life. Therefore, declares the Program, the cost of social insurance should be defrayed mainly by the employer and by industry, and only temporarily by the State; and, it should be administered in such a way as not to place the wage-earners in a separate, or stratified, or dependent class, nor to invade unduly their privacy and domestic independence.

In general, insurance means that a group of persons assume a given risk, and distribute it in such a way that it will fall with very little weight upon any one. The principle is illustrated in a great many different kinds of insurance; but we shall take the simplest, the one with which most of us are familiar, fire insurance. Those who never have a fire in their property are undergoing a constant expense for insurance premiums which they would not have to undergo if they took the risk themselves; but the gains and the losses are distributed in such a way that it is better for everybody. If we assume five hundred persons having each a house worth five thousand dollars; that one of these houses burns

down every year, and that there is no insurance, we see that a very great loss is inflicted on one person every year in this group; but if they all insure their houses, perhaps at a cost of thirty dollars, their payments will meet the loss caused by the fire in the one house that burns; so that no person suffers any such loss as five thousand dollars a year. That is the general principle of insurance.

In social insurance the principle is applied to certain contingencies of life which constitute risks, some of them more or less certain, and some of them very uncertain, both as regards their occurrence and their extent. These risks and contingencies are generally classified as accidents, sickness, invalidity, old age and unemployment. At present in this country, accidents which are caused by industry, or industrial accidents, are in a way to be fairly well provided for by workmen's compensation. Laws providing for compensation for injuries occurring in industry have been enacted in almost all of the States. Some of the laws are very good; your law in this State is one of the best. Some of them are not very good because the payments are very small, and some of them are fairly good. But the general fact is that workmen's compensation — which is compensation for industrial accidents — is in operation in nearly all the States now; and it is worthy of notice that this development has all taken place within ten years. In five States these laws apply also to occupational diseases, that is, diseases which are caused by the occupation. A law of this kind ought to cover all occupational diseases as well as all in-

dustrial accidents because it proceeds on the theory that the industry should pay for all the losses that it inflicts upon human life and human integrity.

The theory that industry should pay for the accidents and the sickness which it causes does not need to be extended very much to include the theory that industry ought to pay, not merely for the accidents and sickness that it causes, but for all the costs of living of the worker all through his life. This principle is exactly analogous to the first, and quite as reasonable. Since the entire working life of the wage-earner is passed in the service of industry, he should obtain from it sufficient money to provide for all his wants throughout his whole life. If he does not, he is subsidized by some other institution or factor in the community. Why should he be subsidized from any source outside of industry? There does not seem to be any good reason why the worker should look outside of the industry for any part of his livelihood during his lifetime, that is, if he remains a wage-earner until he becomes too old for remunerative labor of any sort. The institution which gets the benefit of his life-work ought to provide him with life subsistence, and this means sufficient of the necessities and comforts of life to cover all of the contingencies of life. Industry in general — because many men do not work in a single industry all their lives — should provide for the present livelihood and the contingent needs of the wage-earners during their entire lives, and so insure them against accidents, sickness, invalidity, old age and unemployment.

In the United States there is no social insurance for any of these contingencies, except industrial accidents and occupational diseases. In Europe insurance is furnished against one or more of these risks in the greater number of the countries. England and Germany, I suppose, have more of it than the others. The question arises: who meets these risks and who pays for these contingencies in the case of Americans whose incomes are not sufficient to meet such a provision out of their wages? The answer is, they are provided for by private and public charities. This means that many of these wants are not supplied as promptly nor as fully as they should be, because neither private nor public charity is adequate in most cases. Why should either the State or benevolently-minded individuals be called upon to pay for maintaining a worker in sickness who is not able — because his wage is too low — to maintain himself? We are thus brought again to the question we were discussing a few moments ago. Is it not reasonable that industry should pay for all the costs of living in all the contingencies of life of those who spend their whole lives in industry? Moreover, the method of meeting such wants as sickness by public or private charity results in a great waste, because the relief is not given with sufficient promptness to cause the period of sickness to be as short as possible. Relief comes in most cases only after the sickness has been in existence for some time. The preventive benefit of prompt treatment is lost, perhaps in the majority of cases. The result is that there is a greater amount of sickness,

greater in extent and intensity, than is necessary. That means reduced earning power on the part of the worker, and often a deterioration in his character. A great many persons have been reduced from independence to dependency through long periods of sickness, when they had to apply to charity for relief, and when as a result of insufficient relief they became discouraged and helpless.

We have no means of stating fully the amount of suffering that is endured by the workers in this country who are not insured against these various risks. We have some knowledge, indeed, of what the injury is in the case of two of these risks, namely, sickness and unemployment. In the year 1915 the Metropolitan Life Insurance Company, in conjunction with the Federal Bureau of Labor Statistics, made an investigation of about a million wage earners, chiefly with a view of ascertaining the amount of unemployment. It was found that 11 per cent. of the unemployment among this million of workers was due to sickness. It is estimated that the average wage-earner is disabled through sickness about nine days in every year. Dr. Devine tells us in his book, "Misery and Its Causes," that three-fourths of the persons who apply to the Charity Organization Society of New York City for relief are compelled to do so, directly or indirectly, or in some degree, by sickness; and I think the social workers and the charity workers are unanimous in saying that sickness is the greatest single cause of poverty. Sickness is much more costly among the wage-earners than among other classes, mainly be-

cause it is not taken care of properly at the beginning. Some of the statisticians have estimated that sickness costs this country about two billions of dollars annually. The same investigation which I referred to a moment ago, made in 1915, found that there were 17 per cent. of the workers at that time unemployed.

At present in this country the agitation for social insurance is restricted to what is called health insurance, that is proposals for insurance against sickness and against accidents not due to industry, because, as I have stated, accidents caused by industry are already taken care of by workmen's compensation laws. There is no movement for insurance against invalidity, old age or unemployment. A fair type of the health insurance proposals is found in the bill introduced in the New York legislature, January, 1919, which passed the Senate but was killed in the Assembly. This, I believe, is looked upon as the standard bill by people who are particularly interested in this sort of legislation. Its provisions, briefly stated, are these: In time of sickness or non-industrial accidents, the worker may obtain medical, surgical, hospital and nursing benefits. One section of the bill extends benefits to women during the period of child-birth. Funeral benefits are also provided. Then there is a cash benefit of from five to eight dollars per week during a period not to exceed twenty-six weeks in any year. Hence, a man disabled through sickness or non-industrial accidents for half of the year may get from five to eight dollars a week during that period, besides those other

benefits, hospital, nursing, surgical and medical services. The fund to provide this insurance is, according to the New York bill, provided half by the employer and half by the employee, except when the employee is getting less than nine dollars per week and more than five dollars. In that case he pays one-quarter and the employer pays three-quarters. If he is getting less than five dollars per week he does not pay anything — the employer has to pay it all. The state makes no contribution to the insurance fund. In Germany and England, and I think in most of the European countries, there are three sources of contribution, the state, the employer and the employee. My own view is that the New York bill is drawn on a more correct principle, since it exempts the state from the obligation of contributing to the fund. The state should contribute only as a last resort.

The main fault I have to find with the New York bill is that it compels the worker to contribute to the fund when his wages are so low that he ought not to contribute. The head of a family who is getting only, let us say, from nine dollars to twenty dollars per week, must contribute as much as the employer, when he ought not to contribute anything, because his wages are all required for present needs, and leave no margin for saving. In the case of a worker who is getting a wage below the level of a decent livelihood, the employer ought to make the entire contribution. That, at any rate, is the theory of the matter, the ethics of the matter, as I see it. But I realize that you could not get a bill like that

through the legislature, and if you did get it through the legislature it might cause a great deal of injury to industry for a time. The ideal or perfect arrangement in a complex matter of this kind can be reached only gradually. But the principle that the employee below a certain level of income should not be compelled to contribute is recognized in the New York bill, because when the income is between five and nine dollars per week the employee contributes only one-fourth instead of one-half, and when it is below five dollars per week he contributes nothing.

One of the most important effects of a law of this kind would be to prevent a great deal of sickness. You observe that the bill provides for medical, hospital and other services; that is, in addition to the cash benefits. That means that when the law is in operation a wage-earner who gets sick and who is insured in the fund, can immediately have medical service or surgical service or hospital service or nursing service if he needs it; therefore, the probability is that the duration of sickness among the wage-earners would be reduced at least by one-half, because a large amount of the sickness among them is due to the lack of proper attention at the beginning — to say nothing of the development of certain relatively harmless ailments into something serious because the original ailment has been neglected. For example, tuberculosis in many cases originates in some other form of illness that could have been easily checked before any such serious result was produced. We know that an exactly parallel effect

has followed the enactment of the workmen'ss compensation laws — a preventive effect. When employers found that they had to pay adequately for injuries caused by industry, they got busy and put in safety devices of all kinds; and the result is that not only are those injured better protected than before, but there are not nearly so many injured. A health insurance bill would prevent a great deal of sickness that now occurs, the wage-earners would be able to spend more days at work, and the cost of their insurance would be borne in part out of their greater product.

The other kinds of social insurance embody exactly the same general principle: insurance against invalidity, which is merely chronic disability, brought about either by sickness or accident; insurance against old age and against unemployment,— involve the same kind of problems and could be met in exactly the same way. Unemployment affords peculiar difficulties, because it is a risk that is not nearly as easily measured as any of the others. Actuary experts can tell you about how much old age there is going to be in a given group in any given time, and they can foretell approximately the amount of sickness and invalidity; but unemployment cannot be guessed with even an approximation to accuracy. All we know is that periods of unemployment and industrial depression come with greater or less frequency. How long they will last or when they will come we do not know. Hence to meet unemployment adequately through insurance is extremely difficult, because you cannot estimate be-

forehand the magnitude of the risk. Secondly, there is this particular difficulty with insurance against unemployment: it encourages deception and fraud. People who do not like to work would be glad to be out of employment if they could get insurance equal to their wages. Of course, the remedy for both of these difficulties, the way to meet both of them, is to make the payments to the person out of work relatively small: then there will not be so much temptation to stay out of work in order to get the payment, and there will not be so much danger that the insurance fund will be insufficient to meet the amount of unemployment that is to be met at any given time.

One kind of insurance against unemployment is that which originated in Ghent, Belgium, and has been adopted by many communities in Europe. It is simply a subsidy made by the state to trade unions which pay their members benefits on account of unemployment. The state adds to the amount which the trade union gives a man, and the trade unions distribute the fund under the supervision of the state. The other system is that in the English law, according to which the state pays persons out of employment through no fault of their own a certain moderate amount per week.

Insurance is not the only method of dealing with the problem of unemployment. It is brought in only when all the others are inadequate. Another method operates, as we saw in a previous lecture, through labor exchanges or a national employment service, which distributes men where they are

needed, and it is necessary even when there is no industrial depression, for even in the most prosperous times there are more workers in certain places of the country than there is employment for, and in certain other places there is more employment than there are persons to take the jobs. There is another method which consists in the public authorities making expenditures and constructing public works, so far as possible, during a season or year in which private industry is not active, and restricting expenditures to the minimum when private industry is prosperous. That is what is called "taking up the slack in industry." A great deal could be accomplished if the public authorities adopted that plan in nation, state and city, because the amount of money spent by the various governments, national, state, county and city, for supplies of all kinds and for public works and improvements, constitutes a very great part of the total expenditures of the people of the country.

There are certain difficulties and objections urged against social insurance, particularly against health insurance, which is the only kind that we are practically concerned about in this country now. I have no time to go into all of these, but I shall notice a few of the most important. The commission on health insurance in Illinois, which made a report a couple of years ago, opposed the measure on the ground that the employer must virtually pay higher wages when he is required to contribute to the insurance fund. In the second place, it requires the employer who is paying very good wages,— perhaps

wages which are sufficiently high to enable the worker to insure himself,— to contribute to the fund as well as the employer who is paying wages so low that the employee cannot insure himself. Finally, if the State is required to pay a part of the insurance, it is asked to do something which is outside its province. The first of these objections, that the contributions which the employer makes to the insurance fund are really an increase in his wage payment, may be admitted to be substantially true; but the employer ought to increase the amount of his wage payments in this way if he is not paying wages high enough to enable the worker to insure himself; for this is the correct principle, that the wage-earners should be able to provide for all their normal wants through industry. This objection is no objection at all. The second objection, that the employer who is paying wages adequate to the contingent as well as the present needs of the worker is required by the law to contribute as well as the employer who is paying less than that amount, is a valid objection; but, practically, there does not seem to be any way to distinguish between the two classes of employers. Theoretically, I suppose, the social insurance law should require contributions only from those employers who are paying a wage less than is sufficient to enable the worker himself to provide for his contingent needs. But this is a case in which you cannot get exact justice, any more than you can get exact justice in the matter of relieving the employee who is getting small wages from making any contribution. The third objection is valid both in the-

ory and in practice. The State ought not to contribute anything to the insurance fund. It is not the business of the State to provide for the wage-earners. That is the duty of industry.

Another line of objection contends that there is no need of having the State require this insurance on the part of employers and employees, that it is a matter which ought to be left to the voluntary action of the employees themselves, and that there are plenty of private insurance companies to take care of all kinds of risks, especially risks of sickness. Undoubtedly, it would be better for men to provide for all their future wants through saving and voluntary insurance. It is a good thing that we have so many voluntary private insurance companies, but the fact is that a large proportion of the population is unable to take advantage of them. It is estimated that not more than 33 per cent. of the wage-earners have any kind of life insurance, and that the average benefit of their policies is equivalent to only five to seven dollars a week for a period of thirteen weeks in a year, or something less than one hundred dollars. Then, there is the great cost, the excessive cost, of insuring in these private companies. The most widely extended form of insurance among wage-earners is burial insurance. There is an enormous number of workers who carry insurance to provide for funerals. The payments made by the great burial insurance companies in this country through a long period of years, is only 33 per cent. of the money taken in. In other words, two-thirds of the money which the working

classes pay for this burial insurance goes to carry on the administration of the fund. Of course, a large part of that cost is incurred because of the manner in which the premiums are collected. Most of you know how this is done by the great industrial insurance companies. Agents collect from door to door every week or every month. It costs a great deal to maintain such an army of agents.

The New York bill provides that the state insurance fund may be administered through private insurance associations, fraternal societies, or establishment funds, whenever these organizations are able to do the work at a reasonable cost. Hence, social insurance is not necessarily destructive to the private companies. Rather, it would give the private companies an opportunity to become much more serviceable than they have been in the past. They would be compelled to reduce their charges of administration.

Even those workers who are able to insure themselves in a private company would be benefited by the state scheme, because of the lower cost, and because they would not be subject to the temptation to neglect the duty of insurance. We all need some element of compulsion in order to make us save. Why does the average person spend his money for life insurance? He knows that he could get a higher rate of interest by putting it in a savings bank, or in municipal bonds, or in a number of other investments. Why does not the average person make provision for the future in this way instead of paying for life insurance? Because, in most cases, he fears

that he would not make sufficient investments from year to year, whereas he will be compelled to save in order to keep up his premium on a life insurance policy.

It is objected that compulsory insurance discourages thrift. Well, we must bear in mind that since the working people for the most part are no longer eager to own their own homes in our great cities, the motive for thrift has been very much diminished. For a long time the desire to own a home, the effort to become the owner of one, was the principal stimulus to thrift in the working class, and the principal method of saving. Now that motive and desire has gone out of the lives of possibly a majority of workers in our great cities. There is a special cause of the diminishing of thrift in the foreign-born population, that is, the greater cost of their standard of living after they have been in this country a few years. We know that the amount of money saved by foreigners during the first few years after their arrival here is simply amazing. We wonder why the native Americans do not save money as they do. The answer is that native Americans will not put up with such a low standard of living as foreigners; but after a while the foreigners adopt the American standards of living, and according as they do their saving and thrift decline. As a matter of fact, a compulsory insurance law need not discourage thrift at all: it leaves several motives which ought to be powerful still in existence. On the whole, it ought to increase thrift, to increase the desire to save money, because when the worker finds that he has

dues to pay — so much every week — to the insurance fund, the idea is brought home to him constantly that there are such contingencies as sickness, accidents, old age and invalidity, which normally should be provided for; so, the probability is that he will think more of saving on his own account and spontaneously.

Another objection is that the whole theory of compulsory insurance and social insurance is wrong, because it requires a man to do things that he ought to do for himself, because it is simply paternalism for the State to compel a grown up person to do what his reason tells him he should do anyhow. But this contention ignores the fact that very many of the workers cannot make any provision at all; in so far as the State provides for them it is not unduly interfering with individual liberty or becoming excessively paternalistic. Perhaps if the workers alone were concerned we might admit that a wage-earner who is able to insure himself and neglects to do so, should be permitted to bear the consequences, that the State should not take the place of parents in regard of such workers. As a matter of fact, the individual wage-earner is not the only one concerned: there is the family. The State may quite as reasonably compel the father to insure on behalf of his family as it compels any individual or class of individuals to do certain things or refrain from doing certain things which injure their fellows. If the worker neglects to insure himself or his family, he is injuring his family, and it is perfectly proper for the State to compel him to perform that duty.

Moreover, the State itself suffers if there is sickness which has to be taken care of by public charity. The State has a right to protect itself against that sort of thing.

Finally, we meet the assertion of certain trade unionists that social insurance undermines trade union activity, and is no cure for poverty. Well, no advocate of this measure claims that it is a cure for poverty, or that it is a substitute for wages: the contention simply is that so long as wages are not sufficient, the deficit should be supplied through social insurance. The objection that it would discourage trade union activity is brought against many other kinds of social legislation, such as minimum wage laws and eight hour laws. The argument is that if the workers see that they can get important benefits by legislation they will be less keen to join the trade union, and their last state will be worse than their first. So far as I can see, that is all imagination. In countries which have all these forms of legislation, the unions are stronger than they are in the United States, and there is a much greater proportion of the workers belonging to the unions than in this country. That is simply because the workers are not going to be satisfied with the minimum amount of welfare that they get through minimum wage laws, eight hour laws, and social legislation generally. As soon as they get these benefits they feel a desire to have more, and their unions will help them to get that more. At any rate, it will be many years before the unions can obtain enough wages for the workers to enable them to insure themselves — I

mean the majority of the workers; — and in the meantime the people who are advocating social insurance are wiser in their day than Mr. Gompers, because they are considering the great majority of the workers who are not in unions, and cannot enjoy the protection of unions.

It seems to me, then, that social insurance of the workers against sickness, accidents, old age, invalidity and unemployment is a necessary means of protecting those who have not wages sufficient to enable them to obtain such protection for themselves; and that it is entirely in accord with the principle laid down by Pope Leo XIII: "Whenever the community or any particular class suffers or is threatened with injury which can in no other way be met, it is the duty of the State to step in and prevent it." All the needs covered by social insurance seem to involve dangers to a very large class of the people,— indeed, to the whole community, which cannot be met adequately in any other way than by compulsory state insurance.

Somewhat akin to the subject of social insurance are those of municipal health inspection and municipal clinics. On these matters the Bishops' Program speaks briefly but positively, as follows:

"The establishment and maintenance of municipal health inspection in all schools, public and private, is now pretty generally recognized as of great importance and benefit. Municipal clinics where the poorer classes could obtain the advantage of medical treatment by specialists at a reasonable cost would likewise seem to have become a necessity. A vast amount of unnecessary sickness and suffering ex-

ists among the poor and the lower middle classes because they cannot afford the advantages of any other treatment except that provided by the general practitioner. Every effort should be made to supply wage-earners and their families with specialized medical care through development of group medicine. Free medical care should be given only to those who cannot afford to pay."

CHAPTER VI

PUBLIC HOUSING; VOCATIONAL TRAINING; CHILD LABOR LEGISLATION

Among the agencies created by the war which the Bishops' Program deals with, is one that has not yet been mentioned. That is the United States Housing Corporation, which was organized to provide houses for the people engaged in war industries, particularly for those in ship building. At Hog Island, near Philadelphia, for example, the largest shipbuilding works in the world have been constructed, and in order to provide for the men who were to work there, the government had to build houses. There was no accommodation in Philadelphia nor in Chester, nor in any of the neighboring cities for such a large force of workers. The Housing Corporation built houses and dormitories in some twenty-six localities. The family houses that they built provided for about six thousand people, and the dormitories for about eight thousand individuals. The average cost of the houses was about $4400.

The Bishops' Program refers to this work, and declares that the experience and example of the Housing Corporation ought not to be forthwith neglected and lost, but that the cities which have acute housing problems ought to avail themselves of

the experience, information and materials collected by the Housing Corporation. About the same time the Housing Corporation itself, in its report to Congress, declared that a great deal of material had been collected, a great deal of experience obtained, and a great deal of information gathered, which should be utilized by municipalities, private persons and corporations engaged in building houses for the working classes. This afternoon I happened to look out the window of my train as we were passing Chester, and saw the sign, "Emergency Fleet Corporation." Looking a little further, I saw that the sign referred to the houses that had been built by the United States Housing Corporation. They are certainly encouraging and attractive, as compared with many of the other houses in Chester, or in any of the large cities of the country. The Bishops' Program does not say that the United States should continue in the business of building houses — that is out of the question; all that it says is that municipalities should take up the work of providing houses for the working classes.

We are all conscious of the shortage of housing accommodations in our large cities: that has been quite an acute situation for the last two years. We probably imagine, most of us, that it is peculiar to this "after war" period — that it does not exist and has not existed in any degree during normal times. As a matter of fact, the United States Housing Corporation declares (and that is a bit of important information which it collected) that there is a chronic shortage of houses in all our active

industrial cities,— that is, a shortage in certain classes of houses. We are informed that there is a plentiful supply of houses for those receiving large incomes, but for those whose incomes are small the supply of houses is never equal to the demand. In every growing city the supply of working-class houses fails to keep pace with the demands of expanding industry.

The housing problem for the working classes does not consist merely in an insufficient number of dwellings or an insufficient amount of housing accommodations: that feature we are especially familiar with, and it is an especially striking feature just now. Another part of the problem is the inadequacy of such housing accommodations as exist — I mean that they are inadequate as regards sanitation and light, protection against extremes of heat and cold, and in other features which are essential to good housing. Then, there is the other kind of congestion which is sometimes called area congestion to distinguish it from room congestion or apartment congestion. What is called room or apartment congestion consists in the fact that too many people are living in one room or group of rooms. Area congestion means that too many people live within a given area, as a square block, even though there may be no room congestion, no over-crowding in rooms or apartments. Area congestion implies insufficient air space about the house, and insufficient recreation grounds for the children. Ten years ago it was estimated that there were five hundred thousand persons living south of 14th Street

and east of Broadway in this city. That, of course, means both kinds of congestion, over-crowding in the rooms and too many apartment houses in each block. For many reasons housing congestion is a menace to health. It is obviously inconsistent with a reasonable degree of comfort. It interferes seriously with the activity and normal development of the intellectual life. And it is in a hundred subtle ways damaging to morals.

I have thought for a long time that our great cities are really unnecessary and are, on the whole, an evil rather than a blessing. It seems to me it would be a good thing if no city had more than one hundred and fifty thousand inhabitants. There would then be no such thing as area congestion, even though there might be too many persons living in a room or a group of rooms. There would at least be plenty of sunlight and air and ground space about the dwellings. Of course, in such a town one would miss the choice of some fifty theaters to go to at night, and there probably would not be any "Great White Way," nor any Woolworth Building. Many other features peculiar to great metropolitan cities would necessarily be absent from cities having less than one hundred and fifty thousand inhabitants. But I think these advantages of the great city are largely artificial, conventional, not meeting any fundamental or any genuine wants at all. At any rate, they are not to be compared with, they do not offset, the solid advantages which would be had from a lack of congestion, from plenty of open air spaces, and from the opportunities for play and

recreation that would be possible in a city of moderate size.

In this matter of housing by governments, a great deal has been done in Europe, especially in England and Germany: in fact, it is considerably more than half a century since the first law was enacted in England authorizing municipalities to build houses for the working classes. Any one who has been in London, Liverpool or Glasgow, in the sections where municipal houses have been erected, can realize by comparing these with the dwellings erected by private enterprise in the slum districts what a great blessing municipal housing has been to the people who live in the houses and to the city as a whole. I believe the same is true of Berlin, and some other cities in Germany. Any one who has visited Ireland within the last ten years knows what a difference laborers' cottages built by the government have made in living conditions in that country. Now there is no reason why all the houses that the working people occupy should not be as good as the laborers' cottages in Ireland, or the municipal dwellings in London, or Liverpool, or Berlin, or Glasgow. In this country we have not felt the need of anything of that sort as yet, or, at any rate, those who have the determining voices in legislation have not felt any such need. The greater part of the agitation for such projects has been carried on by individuals and social service organizations. No work of that kind, no project of that sort, has been undertaken by any American public authority except the Federal Government during the war. Public hous-

ing could be undertaken by either the States or the cities. The States might furnish the money, and even superintend the project, but the work is mainly one for the municipalities. Every such scheme should be carried out in a systematic way. There should be systematic planning to insure the right kind of houses, as to size and quality and materials, to insure a sufficient amount of space between the houses, and to obtain a proper locality for the houses.

The only States that have done anything at all looking toward government housing are North Dakota, Wisconsin and Massachusetts. North Dakota at the legislative session of last year enacted a law authorizing the State to build and remodel houses, both in the towns and in the country, for any person or family that would put up 20 per cent. of the cost of the house. That means, in brief, that a person gets possession of a house on the payment of 20 per cent. of its cost. The rest of the money he undertakes to pay within twenty years, meanwhile paying interest at the rate of 6 per cent. Probably that law is sufficient for North Dakota, where the great majority of persons want to own homes rather than rent them; but the plan would be defective in a community in which a great proportion of the people for one reason or another would prefer to be renters. The Wisconsin law makes provision, at least indirectly, for those who want to rent houses. It is superior to the North Dakota scheme in many other respects. That law is also a recent enactment, passed during the last

session of the Wisconsin legislature. It is a scheme for coöperative housing. It authorizes the formation of coöperative housing corporations in which the municipalities may own stock. No person can own stock in the corporation unless he is going to occupy one of the houses which the corporation builds, no person may own more stock than the value of the house which he will occupy, and the corporation may not build any house costing more than five thousand dollars. The cities may buy land and lease it to the corporation, as well as own stock in the corporation directly; but the corporation is not permitted to sell any of the land, not even to one of the stockholders. The land always remains in the ownership of the company. That means that all the increase in the value of the land goes to the corporation as a whole, and not to any individual. The individual occupier of a house will not own the house in which he lives: what he will own is so much value in the housing corporation, so much housing value. If we assume, for example, that a workman who wants to become a stockholder in this concern and to occupy one of the houses which it will build, has only two hundred dollars cash, he will buy stock to the amount of two hundred dollars and will get 5 per cent. on that investment — 5 per cent. is the highest rate of interest that can be paid on the money invested. He will then live in one of the houses, and presumably pay rent for that house. If later on he desires to invest some more money in the housing corporation, he can do so — he can keep on investing up to the value of

the house in which he lives, but not beyond that. If he finally gets as much money invested in the company as is represented by the value of the house, he is receiving 5 per cent. interest on his investment, and paying that back, and perhaps a little more, to the corporation in the form of rent. He is neither an owner nor a renter in the ordinary sense. If he wants to leave the community and go to another city, for example, he can sell his stock to the corporation, so that he can move as freely as though he were merely a renter; and yet he has, so long as he stays, practically all the advantages of an owner. He can stay in one house and call it his if he likes, and look upon it as his, and stay there as long as he cares to stay, provided that he pays the rent that is required.

The increases in land value, as I said a moment ago, all go to the corporation, which means that they all go to the people who rent or use the houses. Let us assume that a man is living in a house which cost five thousand dollars, and that he is paying rent for that house at the rate of 6 per cent., or three hundred dollars. And suppose that in ten years the value of the land has increased 50 per cent. Will his rent be raised? Not at all: there is no necessity for raising it. The increased value of the land goes to the corporation, which means that it is utilized by the people who are using these houses. What would happen if he were renting a house of that value on land that was owned by a private person, and that had increased in value 50 per cent.? Why, his rent would be raised. In

other words, the increase in the value of the privately owned piece of land goes to the owner of that land always; the increase in the value of land in the coöperative housing community goes to all of the people who are occupying houses there. This ought to be rather pleasing to the Single Taxers, who are continually railing at the injustice of the present system of land ownership which enables individual owners to get rich through the appreciation of land values which have been created by the community. In this coöperative housing scheme the land values as they increase do not, indeed, go to the community as a whole, that is to the municipality; but they do go in a very equitable fashion to the people who are living on the land; and the evils of land speculation, the evils of increases in land values which go to private individuals, would never be very much felt or raise much objection if only the increases could be equitably distributed. The trouble is that a very large proportion goes to a comparatively small number of individuals who have not had any part in producing these values; and so the Single Taxers are able to make out a rather strong case against the whole system of private ownership of land, private rent-taking and the appropriation of increases in land values. In the coöperative housing community no individual is going to get rich out of the land values because not one has control of very much land.

There are about sixty of these coöperative housing communities in operation in England and a

smaller number in Germany. They have increased very rapidly in England in the last three or four years. The wonder is that no one thought of the scheme many years ago, because it does suit in a peculiar way the needs of the working people. A great many of them do not want to own houses, and it is not well for them to try to own houses, because they are not sure they will have employment in any given place for a very long time; yet, they do want to have, as everybody does, some kind of security of tenure in a house for as long as they care to stay in a place. This scheme gives them that security of tenure, gives it to them at a low cost, affords them a means of investing their money, and permits them to withdraw any time they like, because it enables them to sell their stock to the corporation any time they want to move.

I think this coöperative scheme is very much superior as a housing project to any municipal plan for enabling individuals to become owners of houses. In the first place, the municipality would not manage the enterprise as economically as a group of individuals directly interested. In the second place, this coöperative activity in building houses, carrying on a project and keeping it going, making a success of it, tends to educate men in a supremely desirable way, for it helps to prepare them to become something more than instruments to the economic advantage of others. It teaches the worker to do something in the matter of business direction, to control some of the economic processes with which he is concerned. It shows

him how to do that through coöperation with his fellows, which is the only way a man without money, or with only a small amount of money, ever can get any power of control or management of economic life. If the worker will not take the trouble to coöperate with his fellows in carrying on business enterprises, he will always remain a mere dependent, a mere executer of the orders of others; and that is not a desirable condition. Like the coöperative store, coöperative housing is immensely valuable, immensely superior to any municipal housing scheme, because it is a means of training the workers to coöperate with one another in some kind of business direction and business activity. And probably this coöperative scheme will supply the needs of all the workers who are so poor that they cannot think of beginning to pay for a house; for there are very few who could not get together sufficient money to buy one share of stock, and thus become a member of the corporation and entitled to occupy one of the houses.

The second topic that I want to discuss this evening is vocational training. The Bishops' Program declares that vocational training is necessary in the schools, and observes that whatever plan is adopted, it must not separate the persons who take industrial training into a special and lower kind of class, nor interfere with Catholic or other private schools. In a general way we know that vocational training is special education which fits one for a profession or calling, as distinguished from general education which prepares one for the general business of life.

Vocational education fits one to be a producer. There are several kinds of vocational education: industrial, commercial, agricultural, household-economy and professional. The last named is pretty well provided for in the professional schools where lawyers, physicians and clergymen are trained. Household economy has made some progress in the schools; at any rate, courses are frequently given in what is called domestic science. Agricultural education is given in ever increasing measure in the high schools and agricultural colleges, especially in the West. Commercial education is better provided for than is the education for any other calling in our regular school system. In fact, that is one of the criticisms that is made of our whole conception of education, that it tends to make only bookkeepers and clerks.

Industrial education, that is education for making things, education for manufacturing, has not as yet made any great progress in this country, notwithstanding that it is badly needed. Apprenticeship no longer provides a sufficient number of skilled workers in the various trades and factories. There are many reasons for that, into which we do not need to go. The method of forming skilled workers through apprenticeship, has all but disappeared, except in a very few trades. In the first place, the average employer will not take the time and trouble to train apprentices. Then, the unions in many places limit the number of apprentices that may be trained. On the other hand, we find that great numbers of children leave the schools in the seventh

or eighth grades, or the first or second year of high school, not because they cannot afford to stay longer, but because the education they get there does not seem to them to have any value as a preparation for a vocation; so, they leave the school and go out to make money. If they could enter a shop where they would get a training for a trade, we should not need to mourn so much their departure from the school, and their failure to get more of the cultural or general branches of education. As a matter of fact, they have no such recourse: they do not go into situations in which they get industrial training through practice, through apprenticeship, but into positions most of which are of the blind-alley order, that is, occupations which hold out no hope of any great amount of advancement. Hence apprenticeship is not providing skilled workers, a large proportion of children are dissatisfied with the training they get in the schools as now conducted, and if we wish to improve the social conditions of the masses, if we are going to better the condition of the poorer classes as much as we hope, we must have more production. The social question is not entirely one of distribution; it is largely a question of production, and we cannot obtain greater production unless we have the skill to turn out the goods.

While the problem of industrial education in the schools has not yet been solved, two or three things are fairly clear. The first is that this training for industry, this education in trades, this industrial instruction, should not be given in a separate system

of schools, for three reasons: first, the cost of administration would be very much greater; second, the child would be deprived of a reasonable amount of cultural education; and third, those who are withdrawn from the regular schools would be set apart as a lower class, as has happened in Germany. In that country the child who is destined for industry has the choice made for him at the age of ten, when he becomes separated from the children who are attending the ordinary schools, and enters a preparatory trade school. His life is determined, and his career as a member of a lower class, the industrial or artisan class, is begun as soon as he enters the first of the series of schools in which trades are taught. We do not want anything of that kind in this country; we do not want anything so undemocratic. The system may be efficient — the German system was very efficient,— but there are some things in life that are dearer and more important than efficiency: a general opportunity for the masses is one of them, and the democratic spirit is another. I do not think that there is any serious danger that a separate system of industrial schools, creating a separate and lower class of industrial workers, will ever obtain a foot-hold in this country.

The general outlines of a system of industrial training would seem to be about these: at the beginning of a high school period, the person who desires an industrial training will have to make a choice among the general or cultural branches that are taken up by the ordinary student. Obviously, he cannot follow all of them if he is to give proper

attention to the industrial subjects. The latter comprise the theoretical part of industrial training, the general principles involved in trade education. Thus, he will get in the high school some of the cultural education obtained by the ordinary student, and in addition the theoretical part of industrial training. The practical part of the training will have to be secured outside of the school, either in an industrial establishment maintained by the school authorities or in one of the existing industrial establishments under private control. There are defects and limitations in both of these plans. For the city to erect industrial plants, factories, and the like, in order to give practical training to those who desire industrial education, would be extremely expensive. Yet it seems to be the only method in places where there are few or no manufacturing establishments. If there are sufficient facilities in the local factories and plants the cost of the practical training will be small, but that arrangement will be liable to make the student more interested in his position as an industrial employee than in his theoretical and cultural studies in the school. The system I have been describing is called the day vocational school. A different system is that exemplified in the continuation schools. In these the pupils are primarily employees of a local industrial establishment who go to the school for a couple of hours a day to get the theoretical part of their industrial training. That is about all they will get in the school, as they will not have the time nor take the time to acquire any purely cultural educa-

tion. Nevertheless, the continuation school is the one that has proved most successful in this country.

Several of the States have enacted legislation to encourage vocational training, Wisconsin and Massachusetts particularly, and a great many of the towns and cities have industrial training schools or trade schools. The project is a very large one, the problems very difficult, and progress will have to be slow; but it must come because we need the products, and in the end the money spent and the time spent on that kind of education will amply pay for itself in the increased output of industry. That has been proved beyond any doubt in the experience of Germany.

Finally, there is a recommendation which the Bishops' Program makes in relation to child labor. It declares that no child should be employed continuously as a wage earner under the age of eighteen, and that the amendment which was then pending to the Federal revenue bill, taxing child labor out of existence, ought to be adopted. The statement of the Program would permit employment of children from fourteen to eighteen during vacations; and it would permit children under sixteen, and, indeed, under fourteen, to work in the household or on the premises of their parents. When we speak of child labor we are thinking of wage labor. In the country, as those of you know who have been there, children work at a much earlier age than sixteen — I know I did, several years under sixteen, and I did not get any wages for it either.

But that kind of child labor is not ordinarily injurious.

The reason why any recommendation is made in the Program for a federal law regulating child labor is that several of the Southern States permit children to work at an age as low as twelve in the factories. Notwithstanding all the agitation that has been going on and the example of the great majority of the other States which have very good child labor laws, these States have refused to enact humane legislation for the protection of the children. So, the people that are interested in child labor have sought to compel these States to adopt reasonable standards through recourse to Federal legislation. Accordingly, Congress enacted a law which prohibited the shipment in interstate commerce of goods made by children under the age of fourteen at any time, and children under the age of sixteen at night, or when employed more than eight hours a day, or in mines and quarries. In general fourteen years was the age limit. The Supreme Court declared that law unconstitutional on the ground that it was interfering with the police power of the State. The States have the power under our Constitution of regulating those things that pertain to the common welfare, such as child labor. The Supreme Court declared by a majority of five to four that this law was an attempt to take away that power and give it to the Federal Government; that, under the guise of regulating interstate commerce, the law was really an attempt to compel

manufacturers in some of the Southern States to refrain from the employment of child labor. To be sure, that was the ultimate object of the law; only in form was it a regulation of interstate commerce. Several other laws have been passed under this same clause of the Constitution for the regulation of interstate commerce which arrived at an indirect control or destruction of practices within particular States. The law prohibiting the shipment of lottery tickets through the mails was upheld as constitutional by the Supreme Court, and we all know that its real purpose was to protect the morals of people in other States from the contamination of these lottery tickets which were emerging mostly from Louisiana. Congress sought to protect the health and welfare of children in the States where they are not sufficiently protected by the state laws, but the Supreme Court decided otherwise.

At the time the Bishops' Program was published another Federal effort was pending to regulate child labor, in the form of an amendment to the Federal revenue law. There are only two ways in which the Federal Government can regulate industry in this country; one is by regulating interstate commerce, and the other is by imposing taxes. The amendment to the Federal revenue act to which the Bishops' Program refers, imposes a tax of 10 per cent. on the net profits of any concern employing child labor. The definition of child labor in the amendment was the same as it had been in the law that was declared unconstitutional. Instead of con-

fining child made goods within the State, the new proposal renders their manufacture unprofitable. The amendment was adopted and is now in force, except in one Federal District in North Carolina, where the local judge has declared the law unconstitutional. An appeal has been taken to the Federal Supreme Court, but the hearing has not yet been held. Whether the court will declare that law unconstitutional on the ground that it is not really a measure for raising revenue but an attempt to put child labor out of business, I do not know; but I think the law has a better chance of standing the test of constitutionality than did the preceding one, because the taxing power has already been employed by the Federal Government for ends that were plainly not that of raising revenue. For example, a few years ago Congress passed a law imposing a very heavy tax on the manufacture of white phosphorous matches. Now everybody knows that tax was not intended to provide revenue, for it has rendered the making of white phosphorous matches so unprofitable that this method of manufacture is no longer employed. In the same way a destructive tax was imposed on issues of money by state banks, and was sustained by the Supreme Court. In view of these and other precedents, the new regulation of child labor has a good prospect of being held constitutional. If that should be the action of the Supreme Court, the child labor problem, so far as legislation can reach it, will be solved in every State, because the standard in this law is about as high as we can hope to reach for some time.

To-night, and in the last two lectures, we discussed various methods by which the State can assist the working classes. Two weeks ago we considered minimum wage laws, and last week social insurance, and to-night housing and vocational education and child labor legislation. All these are methods by which the State intervenes on behalf of labor. In the next three lectures we shall discuss methods by which labor can help itself. Next Friday we shall deal with a topic that is not in the list of lectures as arranged but which ought to be discussed, that is, labor unions. The subject for next Friday should have been "Labor Participation in Industrial Management," but the labor union is of such urgent interest now that it should have a place in any program of lectures which profess to cover even in a general way the field of industrial relations.

CHAPTER VII

THE JUSTIFICATION OF THE LABOR UNION

As I indicated at the close of the last lecture, the address which I am to give this evening on the labor union was not included in the original list. The Bishops' Program contains only one sentence in direct relation to labor organizations. That sentence is as follows: "It is to be hoped that the right of labor to organize and to deal with employers through representatives will never again be called in question by any considerable number of employers." This statement implies that the authors of the Program did not think it worth while to discuss a question which was practically settled. Within the last few months, however, we have found that this right was not so generally recognized as some of us had hoped. We have found not only that a considerable number of employers rejected such a right, but that the representatives of the leading employers' associations of the country in the Industrial Conference at Washington refused by a majority vote (not a large majority it is true, but still a majority) to sanction the right of collective bargaining. Therefore, I think that a lecture ought to be devoted to the subject of labor

unions. Moreover, there has been a great deal of denunciation of labor organizations within the last few months, owing largely to some of their excessive demands and unreasonable performances; and we have also been assured by many of the newspapers that our labor unions which had always enjoyed a reputation for conservatism were becoming as extremely radical as some of the labor unions of Europe.

What is the justification of the labor union? If the question were merely that of workmen uniting in some kind of an association for mutual benefit or for mutual instruction or amusement, it would not deserve a formal answer, for nobody would object to such an organization; but the labor union is an association of workers of a particular kind for a particular purpose, and this purpose involves their relations with the employer. Therefore, the employer finds it very much a concern of his whether men are united in a labor organization, or whether they abstain from entering such an association. The labor union has for its main purpose to obtain better conditions of employment through group-dealing with the employer.

Why should laborers want to deal with the employer as a group? Because the individual workman is not a match for the individual employer in the process of making bargains concerning wages and other conditions of employment. The individual laborer is not equal to the individual employer in bargaining power because he has not the reserve force or reserve support to fall back upon,

to choose as an alternative in case he is not able to make a satisfactory contract with the employer. If the laborer does not come to an agreement with the employer and obtain employment he must starve. That is the case with most workers; they have not the financial resources to enable them to remain idle, and therefore to choose idleness as an alternative to making an unfavorable agreement with the employer. On the other hand, if the employer fails to make a bargain with a particular laborer it means for him, at most, some financial loss. It does not mean (at least in the overwhelming majority of cases) any such hard alternative as suffering from want of food or clothing or shelter, or even any of life's comforts. In the case of the laborer the alternative to obtaining employment is that harsh set of conditions. Therefore, the individual laborer must unite with his fellows, so that their combined strength will more or less offset the employer's superior economic strength. That is the whole economic justification of the labor union. Obviously it is greatly strengthened when the employer is not a single individual, but a corporation.

If labor should continue to be as scarce as it is now, we probably should have a situation in which a great proportion of the laborers would be individually about on a par with their employers in bargaining power, for the reason that there would be two employers seeking one laborer. When that condition exists the laborer does not need to have all the financial power that the employer has: he does not need to have money, food, clothing, and

the rest, to sustain him for as long a time as the employer is enabled to support himself. For the employer feels the necessity of making money, of keeping his business going, and if two employers seek the same laborer, the individual laborer will be almost equal in bargaining power with the individual employer. But we cannot expect that to be the normal situation among the majority of workers: it is only here and there that the individual workman will have such great power. Therefore, I think we can still maintain that the labor union is justified, is necessary, because the laborer in the great majority of cases is the weaker bargainer.

Now let us ask whether the purpose for which the labor organization exists, as I have just tried to outline it, has been realized by the labor organizations that have existed and functioned. I think that no one who examines or analyzes carefully the history of the labor unions, of the important labor organizations, and compares the conditions in the organized trades with the conditions which the workers have in the trades that are unorganized, will deny that the unions have achieved an immense amount of advantage for their members. If we take, for example, the coal miners, in both the soft coal and hard coal fields, we can trace very clearly great improvements which they secured after they became organized. We can compare very easily the immensely improved situation in which they now find themselves to that which obtained among them before they had organizations. I mention the coal miners because they present a clear case, the

history of which covers only a comparatively small number of years. So far as the anthracite coal miners are concerned, we have only to go back to 1902 when the first coal strike took place under the direction of the organization led by John Mitchell. The bituminous coal miners were organized a few years earlier. In both we can easily and definitely identify the tremendous increase in the good things of life which the workers in the mines were able to get through organization. The building trades in our great cities present another very striking, and I think, convincing example; and there are many others that are equally conclusive.

Moreover, it is not merely in the matters of wages, a shorter working day, safety and sanitation in the work shops, and other conditions of employment that the labor union has justified itself. The labor union has provided a great training in democracy and self-government for the workers themselves. The average labor union meeting is about as democratic a proceeding as one could find anywhere. The government of the unions and the distribution of power among them, all exemplify a very high degree of democracy. Some persons have the opinion that all strikes are ordered by the walking delegate, that he bosses the men about and that they obey him blindly. That may have been the case at one time in a few small unions, but it is not now and has not been for many years true of the more important trade unions. The officials of the labor union have perhaps less autocratic power than the officials of most other organizations. Mr. Gary ex-

pressed the opinion, when he was before the Senate Committee at Washington in connection with the steel strike, that the workers, or most of them, were quite content with conditions in the steel trade, and that they were induced to enter the union, to clamor for union recognition, and to strike, mainly because they were misled by a few crafty organizers. As a matter of fact, the strike against the United States Steel Corporation was not called by the officers at all: it was authorized by a vote of the rank and file of the men, and that proceeding is necessary in all the important unions that I know anything about. The vote of all the members has to be taken on any such important question as the calling of a strike; the officials then merely execute the will of the members. There is more democracy in the trade unions, and the rank and file have a great deal more authority in determining the policies of the trade union, than is the case with the organization of which Mr. Gary is the head. There is no group of officers in any large labor organization that has nearly as much power as the Board of Directors of the United States Steel Corporation in relation to the rank and file of the stockholders.

Again, the labor unions have trained the members to practice self-denial for the sake of their brother workers,— have trained them in the practice of altruism, in the practice of idealism, have trained them to make sacrifices for the common good. We complain a great deal of the inconveniences to the public caused by a great strike, such as that of the coal miners. Seldom does it occur to us that the

men who are on strike may themselves be suffering more than any of us, or at least more than the majority of us; and yet they are doing that, not because each one feels that it is a better thing for him to be on strike rather than to be at work (because many believe the strike is not a wise thing) but because they feel that the common cause of their group requires these sacrifices.

The labor unions have been more responsible than any other single agency in the community for what beneficial labor legislation has been enacted. It is the labor organizations that take the initiative in most of this legislation, that furnish the organized forces to petition the legislature and to agitate until a beneficial measure of some sort is put on the statute books. The unions have organized and instructed public opinion to recognize the justice that inheres in the cause of labor. I don't mean that the public reads many speeches made by labor leaders, or reads many labor journals, but the very example of the labor union in action compels the public gradually to see that the workers have some reason to be organized and to be making trouble. I think this was shown rather clearly in the coal strike which is now happily ended. When it began, most people who are not affiliated with labor groups or in sympathy with them looked upon the whole thing as a nuisance: they regarded the demands of the miners for a six hour day and a five day week, as well as their other demands, as outside the pale of reason. When these men persisted and persisted and persisted, refused to be bullied

or overcome by the show of force made by the United States Government through injunction proceedings, refused to go to work even when their officers at the command of the United States Court told them that the strike order was withdrawn, refused to accept the proposal which was made for settlement by Dr. Garfield, and persisted in staying away from the mines, in spite of all the efforts made for peace, in spite of all the misrepresentation in the press,— the indifferent public gradually took notice and began to concede that the aims of the miners must have some merit. The mere show of force on behalf of a cause creates a deferential attitude as regards the justice of that cause. It is unfortunate this is true, but it is the fact. We may have a great deal of sympathy for a weak party, and say, "it is too bad that things could not be better." But if that weak party somehow acquires the means of exercising force, of making a compelling stand, we begin to have some respect for it; to think that, after all, the matter ought to receive reasonable and impartial consideration.

The two most important methods employed by the union are collective bargaining and the strike. It is the use of these methods that arouses most of the opposition which we find to labor unions. Collective bargaining is a phrase used to describe the process by which the workers as a group make agreements with the employers. They make a bargain as a *collection* of individuals; therefore, it is a collective bargain. It was on this question of collective bargaining that the employers' group took

adverse action at the recent Industrial Conference at Washington, causing the break up of the Conference. All the members of the Conference who represented labor, and all those representing the general public, voted in favor of the declaration that labor had the right to organize and bargain with employers through chosen representatives, through representatives freely chosen by the workers themselves. The employers' group said, "we accept the right of labor to organize, we accept the *principle* of collective bargaining; but we reserve the right to decide whether we shall deal with representatives of the workers who are chosen from outside of the particular establishment for which the bargain is made." They took the position that any employer should have the right to insist on doing business only with labor representatives who were his own employees. The labor group contended that this reservation destroyed the essential element of collective bargaining. "The theory of collective bargaining" they said "assumes not merely that we shall bargain as a group through our representatives, but we shall choose whatever representatives we deem most efficient." Now the men who are most efficient are not as a rule in the employ of any employer whatever; they are mostly national officers of the unions who have had experience in making bargains, and who are not afraid to stand up for the workers, because they have nothing to lose by antagonizing the employer.

That was the issue upon which this great industrial conference broke up, the refusal of the em-

ployers to concede that the employees should always have the right to choose whomsoever they wanted as bargainers in any dispute or contract-making process with the employer. Was that a reasonable attitude for the employers to take? In some instances it would be reasonable undoubtedly; but here again the question involved is whether the union is really necessary to protect the rights of the workers. If the individual wage-earner as compared with the individual employer is so much weaker in bargaining power that he needs union with his fellows and the process of collective bargaining, then he needs, generally speaking, the fullest advantage which collective bargaining can give him, and that fullest advantage is had only when the labor union can choose the best bargainers that can be found. That is the whole justification, as I see it, of collective bargaining in the complete sense, as contended for by the labor group. If the employer is permitted to say, "I won't deal with your national officers — you cannot choose them as your representatives to deal with me"— in effect he says that he would prefer to deal with men who are not labor's best representatives. He declares in effect: "I prefer to deal with men who are less competent than these outsiders whom you would like to bring in; I prefer to deal with men who would be somewhat afraid of losing their jobs if they insisted too much in the demands you are putting forward." That is not a reasonable position.

Of course, the employers did not attempt to defend their action on that ground. Their conten-

tion was that the full recognition of the right of the employees to choose any one they liked for the business of collective bargaining would lead to the closed shop, and that the closed shop was a bad thing for industry. This assertion is subject to more than one objection. In the bituminous coal fields collective bargaining through the national officers of the union has been practiced for more than thirty years, yet more than one-fourth of the workers remain unorganized. In the second place, there is a great deal of exaggeration in the statement made by the employers concerning the evils of the closed shop. In the third place, the universal closed shop is so far in the future that it ought not to determine our attitude toward a practice that is necessary for the protection of workers to-day.

As a general rule, workers ought not to be coerced into joining the union through contracts by which the employer agrees to employ only union members. It is better that they should be brought into the organization by methods of education and persuasion. And the employer who is willing to deal with the union, to establish union conditions of employment, and to permit unionization by persuasion, ought not to be asked or required to sign a contract for the closed shop. In such a case the open shop is a fair and reasonable institution. Often, however, the "open shop" is not open to unionists and non-unionists, but is closed against the former, and is a device for exploiting labor. Listen to these observations of that playful yet profound observer, Mr. Dooley:

"What is all this talk that's in the papers about the open shop?" asked Mr. Hennessy.

"Why, don't you know?" said Mr. Dooley. "Really, I'm surprised at yer ignorance, Hennessy. What's th' open shop? Sure, 'tis a shop where they keep the door open t' accommodate th' constant stream of min comin' in t' take jobs chaper thin th' min that has th' jobs. 'Tis like this, Hennessy. Suppose one of these freeborn Amerycan citizens is wurkin in an open shop for the princely wages of wan large iron dollar a day of tin hours. Along comes another freeborn son-o-a-gun, an' he sez to th' boss, 'I think I kin handle th' job for ninety cints.' 'Shure,' sez the boss, an' th' wan dollar man gits th' merry jinglin' can, an' goes out into the crool world t' exercise his inalienable rights as a freeborn Amerycan citizen t' scab on some other poor devil. An' so it goes on, Hennessy. An' who gets the benefit? Thrue, it saves the boss money, but he don't care no more fur money thin he does for his roight eye. It's all principle wid him. He hates to see th' men robbed of their indepindince. They must have their indepindince, regardless of anything ilse."

"But," said Hennessy, "these open shop min ye minshun say they are fur th' unions if properly conducted."

"Shure," said Mr. Dooley, "if properly conducted. An' there we are. An' how would they have thim conducted? No strikes, no rules, no conthracts, no scales, hardly any wages, and damn few mimbers."

There is a good deal of truth in that description. The open shop is frequently defended as an institution which is in accordance with our American traditions of unrestricted liberty, of allowing the individual to make the most of himself. Of course, that philosophy is false. We do not allow the burglar to have all the individual independence that he likes, nor the monopolist, nor the enemy of society

generally. And if the individual workman who does not want to belong to the union is exercising his independence in such a way as to work injustice upon his fellows, that is not a kind of individual liberty that is worth preserving.

As regards the strike there are two or three principles laid down by moral theologians, which are principles of common sense as well, and which I think contain everything that need be said on the moral side of the question. The first is, that the people going on a strike should contend for something to which they have a right, or at least that they should not contend for unjust conditions. Second, they should exhaust all peaceful means and all less harmful methods than the strike, before resorting to that dire weapon. Third, the good results to be expected from the strike should overbalance the evil results. The first of these principles is simple enough; it is obvious that people have no right to engage upon a strike for something that is wrong. The second ought to be obvious, but, unfortunately, it is not always obvious to the workmen. The general principle will have to be held, I think, by every reasonable person that when direct negotiation and mediation have failed to effect a peaceful settlement of the dispute, the matter then ought to be submitted to arbitration. I know very well that not all arbitration is fair, that there is no magic in the word arbitration; that it is possible to have a one-sided tribunal; but I am speaking now of arbitration that is fair, that is competent; and I think that in the very large majority of

cases it is possible to get a group of men who will be as competent and as fair to determine the equities of labor disputes as is the average judge; and society is in the habit of consigning to the mercies of a court not merely questions of money but questions of life and liberty. Now the method of adjustment followed in these cases ought to be reasonable in labor disputes. There is no reason why labor disputes should be exempt from the general rule that differences and grievances ought to be referred to an impartial tribunal, or a tribunal as nearly impartial as can be obtained.

The alternative is simply economic force. If a strike occurs after arbitration is refused, the laborers may win. But that does not prove that they were right; that does not prove that what they get is something they have a right to have. If the employers win and the strikers lose, that does not prove that the employers are right and the strikers wrong. In no case does the settlement of a labor dispute through a strike prove anything as to the merits of the dispute; it simply proves which side for the time being has the greater amount of economic force. That is not a reasonable method of settling labor disputes. I was sorry to read in the *New York World* the other day a series of answers by Mr. Gompers to three questions that were asked him by that paper. The first and second question I shall not notice, but the third is important. The question was:

"If the nation-wide unionization of basic industries and the right to engage in nation-wide strikes are both sanc-

tioned, what is there to confine the future demands of labor within the bounds of reason and of justice?"

Among other things Mr. Gompers said by way of reply:

"Nation-wide and all other strikes should be unnecessary. But the conditions surrounding the workers make it impossible for them to secure justice at times unless they do strike. To this the public objects because the strike will cause inconvenience. The comfort of non-strikers is interfered with.

"A workman must convince his employer that he is entitled to an advance in wages. This can be done only by negotiation with the right to strike as a leverage and a last resort. If the latter, the public steps in and joins the employer in denouncing the strikers. This is because the public must give up some of its many comforts.

"Why should the wage-earner work for less than living wages, which he would have to do if he could not strike? The worker is expected to continue to work at whatever wages his employer is willing to give in order to save the public from inconvenience. The employer is always right; the employees always wrong, in the eyes of the misinformed public.

"'What is to confine the future demands of labor within the bounds of reason and justice?' you ask. What are the 'bounds of reason and justice' when applied to a worker's wages? Is he not entitled to have something to say as to what they shall be? Should he submit his case to the general public for a decision when he knows the general public is exceedingly apprehensive of the slightest inconvenience?

"A nation-wide strike would not come unless the employers refused to enter into a fair agreement. The worker is always ready to meet his employer half way. The employer refuses to go that far in adjusting disputes unless faced by a strike. The question of 'reason and

justice,' therefore, is as much of an issue for the employer as the employee. Why should the employer refuse justice and force a strike?"

Here are two or three assumptions or assertions which do not correspond with the facts, and others which indicate that Mr. Gompers has not a proper appreciation of the duties of the labor union to the public. Mr. Gompers declares in effect: "The public don't care anything about us and we don't care anything about them." Now that is a wrong attitude; it is not a fair attitude toward the public. The public is not invariably on the side of the employer. Mr. Gompers should distinguish between some parts of the public and other parts of the public. Some, indeed, are so selfish that they would prefer to see labor continue to suffer hardship of all sorts rather than be inconvenienced themselves by a strike; but that is not the attitude of a majority of the public.

Then we find in his statement the assumption that labor is always right. He says if the employer will concede justice there won't be any strike, that labor is always willing to meet the employer halfway. There is no proof of that; there is no proof that labor is always right, that if labor were all-powerful it would keep within the bounds of justice. That is assuming that laboring men are somehow made of different clay from the rest of us. We know that they are not. We know they are subject quite as much as the rest of us to the general limitation that no man is a fair judge of his own case; that he over-estimates the merits of his

case; that he cannot be trusted to decide fairly between himself and others. Mr. Gompers utters no word or suggestion of arbitration. He holds that labor is justified in using all the force that it possesses in order to make effective its own conception of justice.

It must be observed that the public does often blame the workers and is irritated against them on account of the inconvenience of the strike, when the blame ought to be laid upon the employer. Unfortunately the laborers perform the last action which terminates the orderly and continued ongoing of industry, and so they are the ones that are blamed for the cessation of industry and for the resulting inconvenience; whereas, the employer is often the more culpable, because if he had conceded the just demands of the workers there would not be any strike. In order to form a just judgment the public should ask whether the workers are demanding something that is unreasonable, and whether the employer is refusing to grant them something that is reasonable. Of course, it does not follow that because the employer refuses to grant the reasonable demands of the employees they always have the right to put the public to great inconvenience for the sake of perhaps an unimportant or relatively unimportant demand. Workers have some duties toward the public, and the gain to them must somehow outweigh the evil which is done to the public before they are justified in going on strike. Working people are bound, not only by the duty of charity not to inconvenience the

public without sufficient reason, but they are so bound by the specific virtue of legal justice, that justice which requires all of us to promote the common good.

Let me summarize the offenses for which the unions are condemned, and on account of which they have lost much public sympathy within the last few months. There is, first, the breaking of contracts, of which the longshoremen's strike was a conspicuous and altogether to be condemned example. Second, making excessive demands, such as, the demand for the six-hour day. Third, unnecessary strikes, of which we have had several this year. Fourth, the refusal of arbitration which I have spoken about, and which is practically always unreasonable. Fifth, disregarding the welfare of the public. Sixth, the restriction of output, which is apparently quite prevalent now. Since the war the efficiency of the workers generally seems to have been reduced very considerably. Seventh, petty exactions in the enforcement of union rules, such as not permitting a worker to paint his own house. Eighth, the use of violence in strikes.

In order to be fair we shall point out that under every one of these heads we can find parallel offenses by the employers, and under most of them it would be easy to find two offenses by employers to one by the workers. As to breaking of contracts, the union people know very well that the employers have done it again and again and again, though not in any such spectacular way or public way as was exemplified by the longshoremen. As to ex-

cessive demands, the employers have required men to work ten, twelve and fourteen hours a day, and under most unsatisfactory conditions. Over against unnecessary strikes we can set the low wages which employers have paid when they could have done much better. The employers probably have refused arbitration twice as often as the workers. Employers have shown quite as much disregard for the public as have employees, but their offenses have not been apparent under this head because they merely *provoke* strikes; they do not strike themselves. In the matter of restriction of output, employers who possess a monopoly have been restricting output for years, trying to make goods scarce in order that they may be dear. Petty violence? It may seem strange to say that employers have practiced a good deal of that. They have had their private detectives and private thugs to beat up workers and strikers, and have used the arm of the law in order to practice violence on the workers.[1] There has been a great deal of that in places where the employers were in control of the political situation as well as the economic situation. When we try to apportion the blame for unlawful and unreasonable actions, we find that the record of the union workers is no worse than that of the employers. Human nature is pretty much the same in both classes. The offenses of the members of the union have been the more spectacular. They have used more physical force than have the em-

[1] See "Labor's Challenge to the Social Order," by John Graham Brooks; ch. V. The Macmillan Company: 1920.

ployers, but the latter have used other kinds of injustice which were quite as harmful.

I want to read a summary statement of the achievements of the unions by a cold-blooded economist, Professor T. S. Adams, now of Yale, formerly of the University of Wisconsin. It is taken from his book, "Labor Problems":

"In the last six centuries the laboring population has risen from a condition of serfdom to a state of political freedom. In this struggle for economic equality the victories have been won by the wage earners themselves. Where they did not pursue their interest, they lost their interest. When they forgot to demand their full reward, they failed to receive their full reward. They had occasional encouragement, and even an occasional leader, from the employing class; but in the main, they fought their way against the opposition, and not with the assistance of their employers. Their weapons were the strike and the trade union. When the ponderous machinery of supply and demand was ready to give them a lift, its inertia and initial friction had to be overcome with the strike. When it had begun to thrust wages down it was prevented from entirely degrading the wage-earner by the Trade Union. Always and everywhere the salvation of the working class has been collective action; and while the wage system remains their progress will continue to be dependent upon collective action." (Page 205.)

CHAPTER VIII

LABOR-SHARING IN MANAGEMENT AND IN PROFITS

THE last lecture dealt with the right of labor to organize, the justification of collective bargaining, and the requirement that the workers be represented in the negotiations with employers by persons freely chosen by themselves. According to the Bishops' Program, this kind of representation, though necessary, is not sufficient for the workers' protection and welfare. They need in addition the opportunity of participating in the industrial phases of business management. The Program mentions specifically what are called shop committees, that is, organizations in each plant composed jointly of the employees and the employer and his executive force, such as, foremen and the heads of departments. Through these committees, it is declared, the workers would become more interested in their work, more able to improve their conditions, and more willing to promote the general welfare.

There are two principal reasons why labor should have a greater voice in determining the conditions of work than is exercised through the labor union. The first relates to the worker himself, the second to the public. The first reason is one that is funda-

mental to human nature. Remember that the great majority of wage-earners are not children — they are adult human beings. Therefore, they share in some degree the desire which is native in every adult human being to have some voice in determining the material conditions in which he lives and works. They have the desire which inheres in all normal persons to be something more than dependent instruments. Let us take an example from the farm and the farming population. There you will find laborers who carry out the orders given them by their employers. You will find also the farmer who is an employer of labor, or, at any rate, the director of a farming business. The latter prefers that estate to the condition of a farm laborer,— aside from the kind of livelihood he may be getting or the amount of comforts he may be obtaining. Why? Because the function of directing, of planning, of creating, which the farming business does enable him to exercise, responds to something that is inherent in the average human being. The same is true of the man in the city who runs a small shop. He may be the only one whose labor is needed in the shop, but the shop is his,— he directs the business. He prefers that status ordinarily to the status of a wage earner. He prefers to be directing things rather than to be merely executing the orders of somebody else. Now, I say, that general desire is inherent in every normal human being. In modern industrial life the average wage-earner cannot expect, the majority of wage-earners cannot expect, to exercise any of these

directive activities independently, because our industrial system is no longer a system of small shops, small business establishments, carried on by one person or one person with one or two assistants, as was the case in the Guild System. The machine dominates modern industry, and in the typical industry a large number of persons work under the direction of one employer. So, if the individual laborer is to exercise any of these directive functions, he must do so in coöperation with the employer and his fellow workers. In so far as it is possible for the ordinary wage-earner in a large establishment to take some part in its directive functions, he should be given that opportunity. Otherwise, he remains merely an executer of orders imposed by somebody else. His creative faculties, directive faculties, whether they be great or small, get absolutely no opportunity for expression. It is not a good thing, either for the individuals directly concerned or for society, to have large masses of men acting merely as the obedient instruments of other men, without any opportunity of exercising those higher faculties, those directive faculties, which all of us like to exercise to some extent. If the desire to be master of something, to act as master of something, is entirely ignored the situation is not normal, and it cannot promote the best interests of the parties concerned. Again, if the workers are enabled to have some share in the management of the concern, they will necessarily feel some sense of responsibility, and a sense of responsibility is of very great importance in enabling persons, or com-

pelling them rather, to take a greater interest in what they are doing, to feel that the concern depends to some extent upon them, to feel that they have some obligation beyond that of merely executing orders in routine fashion.

The theory that the workers should have some share in industrial management is, of course, rejected by persons who believe that the industrial population is divided into two classes, a few supermen who alone have the ability to direct, and the great masses who have no other ability than that of carrying out the commands imposed from above. It is not so many centuries ago since men held exactly that opinion in politics. The men who did the ruling believed that other classes were incapable of exercising any political authority, that the masses were incapable of political action, that they should simply obey such laws as were made for them by the superior class. So far as I can see, the superman theory is as false in industry as in politics. I do not deny that there is in industry a comparatively small number of men who have superior abilities of management, that most of our industrial population are considerably less competent to direct industry than the few who do the business of directing. That is one thing, but it is another thing to say that the masses have no capacity for direction whatever; that the coöperation which they might lend to the business direction or management has absolutely no value. That is an entirely different proposition, and for that proposition there is no evidence that I have ever heard.

The second reason why labor should have some share in industrial management is one that concerns the public, concerns all of us. The labor union is essentially a militant organization, essentially a fighting organization. Suppose that all labor unions were recognized to-morrow by all employers, that the employer always made his bargains with the workers concerning wages, hours of labor, and other conditions of employment, through the representatives of the union, extending to the union the fullest recognition. Would that recognition of the union necessarily bring about an industrial condition that would make for the highest efficiency in production and for the largest possible product? Not at all; not necessarily. The business of the union is to contend for a share of the product, for the largest share it can get of the product. The union is not primarily concerned with making the product larger; for it virtually assumes the product already in existence, and concentrates its efforts upon the division. Hence the union may decide in the interest of the workers to reduce the working time to five days per week and six hours per day. That would be a perfectly legitimate method for the union to adopt, because it would make the labor of the members scarcer and dearer, thereby enabling them to obtain a greater share of the product. Now that is the main purpose of the union, to fight for the welfare of its members, and the methods that it uses may be contrary to the welfare of the people as a whole, and may be directed toward a small instead of a large product. There is nothing in the

union policies that requires a man to work hard rather than in a leisurely fashion. There are no standards, as far as I know, requiring very efficient work, or a large quantity of work per day. In fact, there are a good many traditions in some of the unions tending toward the restricting of output. And yet, what the world needs to-day above anything else is more production. The high cost of living is to a great extent due, at least in reference to many commodities, to a short supply. The first thing to be done towards reducing the high cost of these commodities is to make them more plentiful. So, we need to-day some attitude on the part of the workers which will lead to greater production, and that attitude must be taken by them willingly; for labor is scarce, and so far as we can see, it is going to remain so scarce that men will not be constrained to increase the product by fear of losing their jobs. If they are to increase the product they will have to be brought to do it through the operation of their own free will.

One means of enlisting their coöperation in this matter is to make them more interested in their work, and they can become more interested in their work through the exercise of their creative and directive capacities. They must be enabled to feel that the work is their own, that after all they are not merely executing orders in a mechanical way from morning till night, that they are determining to some extent the processes in which they are engaged. In that way they will acquire a sense of responsibility for the welfare and efficiency of the

whole concern. The workers will gradually become imbued with the spirit that animated the Guilds. In a sense these were labor unions, yet we know that they did have traditions of honest work, that they did take pride in turning out a product that came up to certain specifications of perfection. We shall never infuse such conceptions of duty, of workmanship, into the modern laborer until we make of him something more than an executer of the orders of others, until we enable him to exercise some creative power, some directive power, in the work in which he is engaged.

Some persons, particularly employers, maintain that the interest of the worker can be aroused and the larger product obtained by the simple device of paying men according to their product. There are two objections to that theory, to the piece-work theory. First, it is not universally applicable. A great many occupations and tasks are of such nature that you cannot tell how much one individual produces as distinct from another; therefore, you cannot pay him according to his product. You cannot stimulate his efficiency by that method. The second objection is that even where payment by the piece is feasible, it has been so abused that it has fallen into distinct disrepute among a large section of the workers. The complaint is that the piece-work system has been used as a method of over-driving people, requiring great intensity of effort or excessive speeding-up. Not only that, but when the work is speeded up, and the workers are getting larger wages than before, the rate of payment is

reduced on the theory that these people are making too much money. Hence the assumption that we are going to get the masses of the workers to produce more by paying them according to the product, is subject to very seriouss limitations.

What, precisely, do we mean by labor participation in management? The phrase came into general use about three years ago on the occasion of the Whitley Report in England. That report was issued by a Parliamentary Committee, the chairman of which was a Mr. Whitley. As a means of preventing industrial unrest and industrial disputes during the war, the Report recommended that labor be given a greater share in industrial management. The workers should have a greater voice than heretofore in determining the conditions under which the work is carried out. That is the general definition given by the Whitley Report. Labor participation in management does not imply any voice in either the commercial or financial aspects of a business: it does not mean that the workers should have anything to say about the purchasing operations, nor the selling operations; it does not imply that they should take part in the financial operations, such as, providing money for carrying on the business. These operations do not concern the workers directly, and for the most part they are beyond the workers' competence. Labor participation in management refers solely to the industrial and technical sides of business operations. The main subjects which may be brought under the head of labor participation in management are these: wages;

hours; shop conditions; shop discipline; engagement, transfer and discharge of employees; application of shop rules; working agreements; welfare activity; shortage of work; addition of new machinery; improvement of industrial processes and organization; apprentices; industrial experiments, and scientific management. This does not exhaust the list of activities and subjects which come under the head of industrial management, and about which, conceivably, labor might be admitted to have something to say. The general principle is that the workers should participate in all phases of the management which concern them directly, and about which they have some knowledge to contribute.

The obvious benefits of this arrangement would be to give the workers greater self-respect, greater interest in their work, greater contentment and a greater sense of responsibility. On the other hand, the business management would get the benefit of such knowledge as the workers possess. There is nothing radical in the proposal; there is nothing that is dangerous to business. Quite the contrary. The employer ought to welcome whatever contribution of knowledge the workers may have to offer; it ought to be a good thing for him in his business, more especially if it makes the workers more content, gratifies their self-respect and makes them feel that they are something more than mere instruments of production, that they are acting the part of men who are intelligent and are capable of exercising some business direction.

There are five different forms of organization

through which the idea of labor participation in management is carried out in this country and in England. They are enumerated in a publication issued by the Bureau of Research of the Chamber of Commerce of the State of New Jersey. Some of the concerns in this country that have put the plan into operation, to a greater or less extent, are the tailoring firm of Hart, Schaffner & Marx, the Standard Oil Company of New Jersey, and the department store of William F. Filene & Sons of Boston. One form of labor participation in management was invented by John Leitch, known as the Federal form. It is rather elaborate, inasmuch as it comprises a senate, a house of representatives and a cabinet. The representatives chosen by the workers constitute the house of representatives; the heads of departments and the foremen constitute the senate, and the board of directors constitute the cabinet. This form exists in the silk mill of Edward Davis of Paterson, N. J., also in the tobacco-pipe factory of William Demuth & Sons, Richmond Hill, L. I.

The essential things in any such organization are the shop committee and the industrial council. The shop committee is, as its name implies, a committee composed of the representatives of the workers and the employer, or his representatives, in a single shop. The committee meets regularly, with a considerable degree of frequency, and discusses all matters that are of common interest to both parties, all those matters in which the workers are directly concerned and about which they have some knowl-

edge that is worth considering. The industrial council is the shop committee idea applied to a whole industry or to a whole region. For example, in the steel industry the shop committee would be composed of the workers and the employers in a single mill. The industrial council would represent all of the steel mills, and take in representatives of the workers, of the employers, and of the general public.

Such in brief are the objects and the methods of labor participation in management. One of the most striking indications of the value of the scheme is found in the experience and testimony of the workers in the United States Arsenal at Rock Island, Illinois. In a letter to Secretary Baker, the employees declared:

"Before the war, the harness shop of Rock Island Arsenal was in a very deplorable condition from the point of view of production and efficient operation. A condition of antagonism and distrust between the management and the employees had grown up because of many familiar reasons, principal among which were the attempted introduction of so-called scientific management methods, and the breaking of promises made to the men that any increase in production brought about by their ingeniousness, resourcefulness and ability would not be used against them for the purpose of reducing the increase in wages which they secured thereby. As a result of this the men found that their only recourse was to place a deliberate limit on production; thus the aforementioned resourcefulness, ingeniousness and ability of the men, instead of being directed into constructive channels for the purpose of improving production and methods of manufacture, were diverted into methods for limiting production. Their experience had taught them that when

their inventive ability was used constructively it worked against them because it reduced either earnings or resulted sooner or later in discharges or lay-offs of their members. The normal progress in the purpose for which the shop existed was consistently retarded or limited."

Since the workers have been enabled to participate in those phases of the management that they are competent to handle, all this has been changed. In the words of their letter:

"They realize that their status is now in the process of change. They no longer feel like mere employees, simply bent on holding down a job quite apart from their conception of life, for no other purpose than the earning of wages, the only crude means available to them for securing the necessaries and perhaps a little of the better things of life. They are beginning to see that they are on their way toward becoming partners in a large enterprise; that is, manufacturing useful things for their government."

Another aspect of the new attitude of the workers is described by a writer in *The Nation:*

"A distinct change has come in the type of leadership which the local unions now seek. In conditions of conflict between employees and employers, the unions inevitably seek aggressive leaders, good fighters; now the requirements of successful leadership are distinctly different, and the first requirement is ability as an intelligent producing workman. Union elections have taken on a very different complexion. When Bill Smith is nominated, he and his supporters have put up to them squarely the question of the thoroughness of his knowledge of how to produce efficiently, the breadth of his experience in processes, the extent of his knowledge of the routing of working, his familiarity with the inter-relation of processes in his own shop and in other shops. It cannot, in fact,

be otherwise. The logic of the situation is its necessity. It is the change on the part of the employee from a unit in an organization primarily militant to a unit in an organization primarily productive. The function of the labor union — or whatever the employees' organization is — must be to protect its members when injury to their interests is threatened, as it is recognized to be in private industry as generally operated. Self-protection is the first instinct of life. The labor union has sprung up and grown because workers found it necessary to unite to fight. Actual association in direction of the productive processes and in fixing the conditions under which labor is rendered has so far eliminated the threat of the selfish and autocratic employer that, in the case of the arsenals, the employees find their organization called to serve a new function. The rapidity and completeness with which they have organized and undertaken this new function is the best proof that creative impulse responds effectively when the opportunity offers. This opportunity can come only as security of employment and of fair wages under good working conditions is given to the employee. Given this, workers prefer production to contention with the employer."

Many employers object to labor participation in management, on the ground that it brings the workers into a place in which they have no right, or it attempts to permit them to do things they are not able to do. So far as these objections have any merit, they can all be met by conceding that a project of this kind must be introduced gradually, and that the rank and file of the workers have not very much to contribute toward industrial management. There are, however, some individuals in every group of workers who have something to contribute, and these could act as the representatives

of the whole body, to the advantage of the industry and of the workers themselves. Probably the objections of the employers come mainly from the native disinclination of men who are in possession of power to share it with others. This feeling is at the bottom of the refusal to deal with unions in the matter of wages and hours. Employers want to determine the whole thing for themselves, to arrange every detail of industrial management and shop management for themselves. But that is the attitude of autocracy.

On the other hand, the labor unions sometimes object to the shop committees on the ground that they are mere company unions, that they are dominated by the employer, and that the workers are very much less protected than they would be if they relied upon their unions. The answer to that is that the shop committees should act in coöperation with the union always. They are not a substitute for the union at all; they are supplemental to it; they have a different function. The man who wrote the report for the Bureau of Research of the New Jersey State Chamber of Commerce draws this conclusion:

"Shop Committees operated as a substitute for unionism tend to increase industrial unrest. Shop committees combined with unionism present an effective instrument for the protection of the interests of all parties participating in industrial production as well as the public. Employers and the labor unions must recognize and coördinate both types of industrial representation — the shop committee system based upon representation of all, union as well as non-union workers, and the purely union or-

ganization, and divide their respective jurisdictions in such a way as to bring about a close coöperation between them."

The union is still, and will for a long time continue to be, necessary to maintain union standards of wages and other employment conditions throughout an entire industry. That is a distinct and necessary function. The shop committee should deal with those matters in which employer and employee have a common interest, should increase the activities and interest of the workers in the industrial processes, and should promote the welfare of the employee, the industry and the public. There is no necessary conflict between the two forms of organization. All that is needed is a fair and frank mutual adjustment of functions. In such an adjustment, honestly sought by both parties, is to be found the answer to those union advocates who fear that the shop committee will degenerate into a mere "company union," and to those employers who object very strongly to the militant character of the union, and yet who desire to treat the workers with entire fairness. The willingness of both these parties to make the experiment of coördinating the two forms of organization, is the supreme test of their fairness and sincerity.

The best short statement of the situation is probably the following, by William Leavitt Stoddard in his little book, "The Shop Committee."

"It is now, therefore, seen to be the fact that the shop committee promotes unionization of the workers, just as it promotes unionization of the employers, but that it

promotes this unionization for a fresh purpose and in a fresh way. Motive in human affairs is everything. The motive of the old labor union and of the old manufacturers' association was primarily defensive, hence militant, and hence to some extent destructive. The motive of the new union is constructive. It looks toward coöperation instead of competition, toward strife only as a last resort. . . .

"The shop committee encourages unionism. It is not the unionism of the past, inadequate, imperfect, struggling sometimes blindly towards juster relations between capital and labor. The shop committee, meaning thereby the idea of joint shop, and industrial committees and councils, is a substitute for trade unionism. It is a substitute which the unions and the employers will welcome. The shop committee, therefore, is not a device of capital to prevent unionism: its seeds lie deep in the soil of unionism, so deep that unionism of employees alone can not cause them to grow and flourish. The shop committee has in it the germ of the hope of the future of industrial peace and the coöperative commonwealth."

The Bishops' Program does not say anything about profit-sharing, but inasmuch as profit-sharing follows naturally and easily from the establishment of shop committees and labor participation in management, it may be worth while to devote a few paragraphs to the subject.

Profit-sharing means the participation by labor in those profits of a business which are over and above a certain normal return. If we assume that a business man decides that 10 per cent. on his capital is ample return for interest, depreciation, insurance, and all other legitimate overhead charges, and is determined to divide the remaining profits among the workers and himself, the arrangement is profit-

sharing. The justification for it is the same that we offer for private management and operation of industry as against state management and operation. We believe that it is better to have business carried on by private owners, private managers, and to permit them in a system of competition to obtain all the profits they can obtain than for the State to limit profits. We assume that if there is active competition the private manufacturer or the private manager of any other kind of business will find it to his interest to improve methods of production, to sell his product more cheaply, and to enable the community to benefit by this free competition and this freedom in this matter of indefinite profits. Profit-sharing carries over that idea into the field of labor. It assumes that if it is a good thing to hold out to the manager of the business the hope of indefinite profits which will depend upon his own energy and efficiency, it ought to be a good thing to hold out the same hope to the rank and file of the laborers,— to say to them, "your remuneration above a fixed wage will depend upon your efficiency; if you can make the business so profitable that it will yield more than 10 per cent. on the investment after all expenses are paid, then you shall have a part of that excess." We have the same justification, the same reason, for permitting the laborers to share in the surplus profits that we have for permitting the private managers of the business to get indefinite profits. Of course, it is not contended that the laborer has any *right* to this surplus product. Inasmuch as he agrees to perform his work in return for a certain wage, that wage is

all that he has any right to if it is a fair wage. Profit-sharing is a matter of expediency. The question is whether it is not a good thing for society and for business, as well as for the laborer himself, to give him this additional incentive to efficiency.

Most of the profit-sharing schemes in this country have been failures for perfectly good reasons. In the first place many of them were merely intended to deceive the worker, to hold out to him the hope of indefinite profits which in the end amounted to very little, and in the meantime to deny him fair wages. Sometimes they were introduced for the purpose of keeping out labor unions, and in most cases the profits to be divided were determined in such a way as to be insignificant. They were not sufficient to induce the worker to become seriously interested in his share beforehand. A few of the plans have been fairly liberal, the most conspicuous instance being that in operation in the Louisville Varnish Company, of which Colonel P. H. Callahan is President.

If profit-sharing is to be a success, four conditions will have to be observed. First, it must not be used to antagonize the labor union. Second, it must not be offered as a substitute or as a partial substitute for standard wages. Third, it must provide for complete frankness, complete publicity, between employer and employees concerning the amount of profits actually available for distribution, so that when the lean years come and there are no profits to divide, the workers will be assured that such is the case. Fourth, the method and basis of distribu-

tion will have to be more favorable to labor than most of the profit-sharing schemes have been in the past. Even in the least unsatisfactory instances, the prevailing basis of apportionment has been the total amount of capital and the total of annual wages, on the assumption that these figures represent respectively the investments of the capitalist and the laborer. A more correct measure of the capitalist's investment for the year is to be found in the normal interest return on his capital; for this represents his annual contribution to the industry, just as the annual wage represents the contribution of the laborer. The difference in the operation of the two methods is very great. For example, in a concern having a capital investment of one hundred thousand dollars and a yearly payroll of six thousand dollars, the share of capital in the surplus profits would be sixteen and a quarter times that of labor; according to the second method, if 6 per cent. be taken as the normal rate of interest, the shares of capital and labor would be equal Possibly some compromise between these two methods would frequently be found more practicable than either.

Labor participation in surplus profits extends and increases all the advantages that are derived from labor participation in management. The latter makes the worker more interested in his work, by making him realize that he is not a mere carrier out of orders, that he is in some measure determining the processes of the industry, and that he is to some extent responsible for its welfare. Profit-sharing intensifies that interest because it holds out to the la-

borer the hope of increasing his income in proportion to his efficiency. Taken together, the two devices seem to be the most effective and promising immediate steps toward a reasonable amount of democracy in industry, improved relations between capital and labor, and a larger and better product.

CHAPTER IX

CO-PARTNERSHIP AND COÖPERATION

In the last two lectures we discussed methods by which the laboring people can themselves improve their conditions and bring about a better industrial order. We considered the labor union as a means of giving to the laborer a greater share in production and better conditions of employment, and labor-sharing in management and in profits as means by which the laborer can obtain a greater income and greater consciousness of his importance in the community. In the present lecture we continue the same general subject of methods by which the laborer can himself improve his condition under the head of "Co-partnership and Coöperation." The Bishops' Program recommends these institutions as a means to more productive labor and a more stable industrial order.

"The full possibilities of increased production," says the Program, "will not be realized so long as the majority of the workers remain mere wage-earners. The majority must somehow become owners, or at least in part, of the instruments of production. They can be enabled to reach this stage gradually through coöperative productive societies and co-partnership arrangements. In the former, the workers own and manage the industries themselves; in the latter they own a substantial part of the

corporate stock and exercise a reasonable share in the management. However slow the attainment of these ends, they will have to be reached before we can have a thoroughly efficient system of production, or an industrial and social order that will be secure from the danger of revolution. It is to be noted that this particular modification of the existing order, though far-reaching and involving to a great extent the abolition of the wage system, would not mean the abolition of private ownership. The instruments of production would still be owned by individuals, not by the State."

The term "co-partnership" is frequently used to describe a profit-sharing system, such as was discussed toward the close of last week's lecture; that is, it is applied sometimes merely to the arrangement by which the workers share in part of the surplus profits of the concern. This is not an improper use of the word, since there is co-partnership between the labor group and the employer in the production and division of the surplus; but the Bishops' Program uses the word in the more comprehensive sense of sharing not merely in profits, but in the ownership of the stock of the corporation. As a matter of fact, most co-partnership schemes in the latter sense have grown out of co-partnership in the sense of profit-sharing. There are not many corporations in this country that exemplify co-partnership in the ownership of stock. Perhaps the most notable one is the firm of Procter & Gamble of Cincinnati, manufacturers of soap. They have had this co-partnership arrangement in operation for quite a long time, and they have built it up through profit-sharing. The South Metropolitan Gas Company of London is

perhaps the most thorough instance of co-partnership, inasmuch as practically all the employees of that corporation own some of the stock. The methods by which profit-sharing has been converted into co-partnership vary. In some cases the workers who receive profits are required by the employer to invest them, or part of them, in the stock of the company. In some cases the stock is sold to the employees at a much lower figure than its market value. In other cases the stock itself is given to the workers as their share of the profits. The main advantages of co-partnership over coöperation proper are that it can be applied in large industries and large corporations, and can be extended indefinitely, provided the corporation is willing that the workers should obtain the ownership of an unlimited amount of the stock. The good effects are obvious. The workers become in some degree capitalists, receivers of interest as well as of wages, better relations are established between them and the management, and they are enabled gradually to exercise some share in the management of the concern, thereby obtaining the satisfaction of those needs which I tried to describe last week as inherent in every man.

Co-partnership is not a substitute for the labor union. Like the shop-committee and profit-sharing schemes, it should be carried on in conjunction with the union, at least until a stage is reached where practically all the workers are part owners of the business in which they work. Perhaps after that end was attained the labor union would be no longer necessary; but so long as the workers own only a

small part comparatively of the stock in a concern, they will still need the union to protect their wage rights; for their interest in the corporation will not be equal in a pecuniary sense to their interests as wage-earners. The worker will have to own a considerable amount of the stock of a corporation to render his income from dividends as great as his wages. For a long time to come the great majority of the workers will be more interested in their wage income than in the income from the stock that they own, and, therefore, will need the union to protect their rights and interests as wage-earners. Moreover, the union will be necessary to keep wages standardized throughout an industry, to prevent a large corporation, let us say, from using the co-partnership scheme to depress wages throughout an entire industry. The lack of a standard wage in national industries is always a source of very great industrial friction.

Another advantage of co-partnership is that the workers can dispose of their stock almost any time they want to. In the case of strict coöperation it is not always easy for the worker to get rid of his stock if he desires to move into another city; but if he is merely a stockholder in a great corporation, an opportunity for disposing of his stock will be present practically all the time.

Coöperation in the perfect sense, or "perfect co-operation" as it is called, is an arrangement by which all the workers own all of a business, and each owns some of it, the workers managing the business themselves, taking the place of the managing cap-

italists. In other words, the workers are at once wage-earners and capitalists, and they are the only capitalists in the concern. A great many attempts to establish concerns of this kind were made in England and France after the revolutionary days of 1848, but practically all of them failed. There were various reasons for the failure, the principal reasons being lack of capital, lack of directive ability among the workers, and the greater risk to the workers' savings in concerns that were owned and managed by themselves. However, these difficulties do not seem to be insurmountable, nor a permanent bar to perfect co-partnership. The workers have made a great success of coöperative stores in England, Scotland and other places. They have developed out of their own ranks the directive ability necessary to make these concerns a success. They have provided capital enough to make them successful and to keep on extending them all the time. They have eliminated risk, at least unusual risk, to such an extent that the average worker in England and Scotland who has his money invested in these enterprises feels that it is about as safe there as anywhere else he can put it. If the workers have been able to do this with stores, why isn't it natural to hope that they will be able to do the same thing with factories and productive industries generally? Of course there is some difference, there are somewhat more difficult problems in the management of a factory than in the management of a store, but they are not differences in kind — they are differences merely in degree.

Perhaps the most remarkable recent instance of

coöperative production is that described by Father Husslein, S.J., in his book, "Democratic Industry." It is that of certain Italian glass blowers who went on a strike shortly before the war began, and were defeated. Then they decided to set up glass manufacturing establishments of their own. The story is as follows:

"A period of sharp competition between the workmen's coöperative and the employers' plants naturally followed. It was a severe test for the workers' endurance and the financial soundness of their venture. But every difficulty was overcome, and by the end of the war, one-half of the entire output of bottles in Italy was produced in the four large factories of the Federated Coöperative Glassworks, owned and managed by the workers.

"The success of the Bottleblowers' Union was a lesson not lost upon the workers in other industries, and soon almost every department of production could number its enterprise coöperatively conducted by the men engaged in them. The movement had proved the ability of the workers to manage their own industries in open competition with capitalistic factories and workshops." (Pages 322, 323.)

There is a considerable number of coöperative productive concerns in England in which the workers own a large share of the business, the rest being owned by coöperative stores or by friendly individuals who are not workers in the concern.

Another form of coöperative production is the kind carried on by the coöperative stores. The retail stores managed by coöperative societies in Great Britain own wholesale stores, because they found that after they had become rather powerful in competition with the privately owned

stores, they had to have their own wholesale stores in order to get merchandise. Hence the retail stores combined, and set up wholesale stores. After a time the wholesale stores established factories. In England the coöperative movement has five of the largest flour mills, some of the largest shoe factories, and factories for making cloth, furniture, soap, tobacco, confectionery and other commodities. They also own and operate tea plantations, ships, coal mines and farm lands. Recently the English Coöperative Wholesale Society, which is the organization that owns the wholesale stores, bought ten thousand acres of land in Canada to provide wheat for the coöperative flour mills. These mills provide flour for the wholesale stores, which pass the flour on to the retail stores, and the retail stores supply the consumers who own them. So that, indirectly, it is the customers of the retail stores who own the wholesale stores, the flour mills, the wheat fields in Canada, and all the other productive enterprises. Some of the factories are, indeed, owned directly by the local coöperative stores, but most of them are owned by the wholesale establishments.

This is coöperative production in a certain peculiar sense. It is coöperative production only in the sense that the establishment is managed indirectly by coöperative stores, or by people who are organized in a coöperative consumers' society; but it is not productive coöperation in the sense that the shop is owned or managed by the workers. The laborers in these productive concerns are merely wage-

earners. The leaders of the British coöperative movement insist on keeping it a consumers' movement. It is true that the coöperative establishments pay a little better wages, and perhaps in other ways treat their employees a little better than the average private concern, but they insist that the producers in these factories, flour mills, etc., shall not participate in ownership or management. They have a theory that since the benefits from the coöperative retail stores, wholesale stores, flour mills and other productive enterprises, are produced by the consumers who are the owners of the retail stores, which are the basis of the whole structure,— all of the profits ought to go to the consumers. They say to the workers in their coöperative flour mills, for example: "You can participate in the coöperative movement if you like; you can participate in the profits of the coöperative movement, but you must do it as consumers, you must become members of your local coöperative store association; then you will participate in the profits of that store as a consumer, and, indirectly, you will participate in the profits of all the other enterprises, but always as a consumer. As a producer you have no right to participate in the profits at all, because this is a consumers' movement."

That argument does not seem to be altogether sound. It is true that the consumers who organize the stores do provide the money which keeps the stores going, the retail stores, the wholesale stores and the factories which are subsidiary; it is true that they furnish the management ultimately, but

that is not a conclusive reason why the workers in these factories should not be admitted at least to partial ownership of the factories. It is no reason why they should not be permitted to participate in some of the profits of the factories. If they were permitted to do so they would become more efficient, and there would be more profits to divide. A good example of a productive concern which shares both ownership and profits between the workers and the consumers is afforded by a coöperative clothing factory in Kettering, England. Here is a description of its activities for a period of six months:

"Under this plan of coöperation the worker gets the trade union rate of wages or such better terms and conditions of labor as the co-partners may agree upon. A fixed rate, usually 5 per cent. per annum, is paid as interest on the capital invested, and the net surplus, after the usual appropriations to reserve, etc., is distributed in proportion to the wages earned by each worker and sometimes to consumers, in addition, in proportion to the purchases made by the investing distributive societies.

"The sales for the six months were $788,390, making a total of $1,520,405 for the year. This was an increase of $407,145 over the previous annual period. The profit made upon the six months' output was $75,570. We hear a great deal these days of the community of interest between capital and labor. Mr. MacKenzie King would have us believe there are four essential parties to industry, namely, capital, labor, management and the community. In this labor co-partnership factory, management and labor are one, and the soulless and helpless, but useful, entity known as capital is adequately rewarded with inconsiderable compensation (5 per cent.). Of that six months' disposable profit balance of $75,570, capital only got as interest and dividends $7,265. Labor received, on the

basis of 10 per cent. of the wages earned, $15,805. The consumers, or the community, through the share-holding distributive societies, received $14,495, being a return of 5 per cent. of the factory selling price of the goods they purchased during the period. The reserve fund was enriched by $2,500, the society's provident fund was increased by $5,000, and the balance of the profits were devoted to charitable and educational purposes.

"In the factories of capitalism every dollar of that profit goes to the credit of the capitalist, further to augment his unearned fortune. Under coöperation it will be seen that not one-tenth of the net profit went to capital, and that more than double the capitalist's share was awarded to the worker. The purchasers who bought the goods manufactured enjoyed almost as great a proportion. Producers and consumers combined, jointly representative of the common people, received close upon four dollars for every dollar of profit the capitalist got from the industry."

It seems to me that the Kettering enterprise exemplifies the most effective method of productive coöperation, and the one that ought to be adopted by the wholesale stores and other organizations which establish or will establish coöperatives of production in the United States. Let the producer as such share in the ownership and profits. Do not restrict these advantages to him in his capacity of consumer.

Another form of coöperative production which is very recent, is that undertaken by some of the Railway Brotherhoods of this country. They have bought two clothing factories and one hosiery factory; two of these factories are in Michigan, the other in New York. These will be operated, not by the workers in them, but by the labor unions. It

will be rather interesting to watch this experiment to see whether it will be managed on genuine co-operative principles, or after the manner of a capitalist stock company. Evidently the object is to supply the members of the brotherhoods with the goods which the factories will produce cheaper than they can be got elsewhere; probably the clothing and the hosiery will be distributed through a mail order system, as no stores have been organized to make the distribution. If the thing is a success the profits which would otherwise go to the capitalistic managers will go to the consumers, as in the stores under the Rochdale system. But the management of the factories by the unions is not strictly coöperative management, since it is carried on neither by the employees of the factories nor by the consumers as such, but by the consumers as a labor union. Moreover, the consumers' ownership in the regular coöperative enterprises is in the form of specific amounts or shares held by particular individuals. Each individual owns a definite amount of the property directly. But these factories apparently are to be owned by the labor union as a corporation. Of course, it is quite possible for the unions to arrange the organization in such a way that their members will own individual shares in the concerns. In that case, the management would necessarily be on the coöperative principle. Possibly this question is not of very much importance as compared with the benefits which will accrue in providing cheaper clothing for the members of the union.

Still another form of the coöperative idea in pro-

duction is that known as the National Guild. This is merely an idea as yet. It has never been established anywhere. The plan is that the State should own the great national industries and rent them to the workers. The latter would operate the industry and own the product. Among the chief expounders and advocates of this scheme are Messrs. Orage, Cole and Samuel Hobson, Englishmen who have become profoundly moved by fear of the bureaucracy that would exist under Socialism. They do not want to live in a Socialist society, in which the State alone would not only be the owner but the manager of all industry,— thus inevitably degenerating into an intolerable tyranny. In order to protect the people and society against that bureaucracy, that despotism, that tyranny, they would permit the State to be merely the owner of industry, having nothing to say about its operation. This is an interesting development, an interesting reaction from the theory of Socialism.

Finally, there is that form of the coöperative idea which is embodied in the Plumb Plan with reference to the railroads. Indeed, a few days ago Mr. Plumb advocated an extension of his plan to all the great industries. This Plan is almost the same as the National Guild. As applied to the railroads, it would make the government the owner, while the employees would manage and operate them, receiving wages, and sharing profits from the surplus with the government. It would give to the public some share in the operation of the railroads, but only a minority share. Mr. Plumb proposes that the rail-

roads should be operated by a board of fifteen directors, five representing the executive or operative section of the employees — general manager, superintendents and the like — five representing the rank and file of the employees,— the ordinary men who do not perform any directive functions,— while the other five are to be appointed by the President of the United States.

The Plumb Plan exemplifies the coöperative idea, inasmuch as the workers are to have a majority control over the operation of the railroads, and are to participate in the surplus profits; but it does not exemplify coöperative ownership, as the State is to be the owner of the railroads. It is curious that this Plan is winning the adherence of large numbers of people who are not directly interested in the railroads at all. Practically all of the employees of the railroads of the United States are in favor of the Plumb Plan, and belong to the Plumb Plan League; but there are thousands and thousands of other persons who have been fascinated by the Plan, and who believe that it is the only arrangement that will work permanently. Apparently Mr. Plumb is so elated over the success of his idea in its appeal to the public with reference to the railroads that he thinks this is the time to advocate an extension of it to all the other great industries. I have no idea that it will be applied to the railroads within the next few years; but I believe that whatever settlement Congress now makes of the railroad question will not be permanent, that when the railroads are returned to the owners they will not be on a sound basis, and that

within a few years the owners will be clamoring for the government to take them back. The difficulties are too great, there are too many conflicting interests to permit reëstablishment of private operation of railroads; so that, possibly the Plumb Plan will get a trial some time within the next ten years. At any rate, it is an extremely interesting idea; and the appeal that it makes to persons outside the laboring class is not its least interesting phase. That appeal is, to my mind, an indication that there is something fundamentally sound in the conception, in the proposal to enlist the energies and interests of the working people in carrying on the railroad business, by giving them participation in management and in profits.

So far as theory goes, there is no reason why it should not result in much more efficient operation of the railroads from every point of view than we have had for the past twenty years. To call it Socialistic, and Bolshevistic and Sovietistic, is simply to indulge in ignorant denunciation. People who use those terms have not analyzed the meaning of the Plumb Plan, have not faced the fundamental question which it raises and which is going to be agitated more and more, namely, whether it is necessary in order to get efficient production that industry should be carried on by a few capitalistic managers who receive great profits, not for their work of operation, but merely as owners of capital. Managers are usually worth all they get as such, but the greater part of the incomes of these capitalistic managers goes to them not as managers, but as capital-

ists. Recall the description of the Kettering Clothing Factory in which capital received only 5 per cent. If a capitalist had been running that concern and there were $75,000 in profits, he would get the entire sum. Let us say that he deserves $15,000 for his work. The other $60,000 he would get as a capitalist, as owner of the capital. Now the question is, is that kind of thing necessary? Is that necessary in order to get efficient industrial operation? Must capitalistic directors get this great profit not for the work they do, but as mere owners of capital?

That is the fundamental issue raised by the Plumb Plan, and likewise by the coöperative movement in its various forms. The friends of the coöperative movement say that 5 per cent. is enough for this soulless thing called capital, and that the rest of the profits should go to those who operate or who patronize the store or factory. The only answer to this challenge is to prove that competent industrial operation and competent captains of industry cannot be found except in conjunction with the ownership of capital, and that the competent industrial director must receive not merely a generous salary for his work, but an enormous profit on the capital that he has in the concern. I do not think that this assumption has been proved. Hence I have a sympathetic interest in the theory of the Plumb Plan advocates: "We believe we can get competent industrial operation by paying sufficient wages and salaries, holding out to men the hope of larger profits based on their efficiency. We believe that these are sufficient incen-

tives to bring out the greatest skill and efficiency of the great majority of the workers, whether they are mere mechanical workers — men who follow the direction of others — or managers and directors; and we do not believe that it is necessary to associate directive ability with capital, giving the director a tremendous income because he is the owner of capital, in addition to the income we give him for his work." As I said a moment ago, that general challenge is inherent in the coöperative movement in all its forms, whether it be stores, or factories, or agricultural associations, or banks, it assumes that men with directive capacity can be obtained through adequate salaries and profit sharing.

The general object of coöperative production is to make the worker an owner as well as a user of the tools with which he works. Its specific aims are to improve the condition of the worker in the matter of income, to give him a larger income, because he will be drawing some profit or interest from the share that he has in industry; to give to him self-respect, by making him feel that he has some voice in determining the conditions under which he works; to make him more contented; and to benefit society by stimulating the worker to produce more, because he will have a direct interest in a larger product as owner or part owner of the concern in which he works. Labor sharing in management and labor sharing in profits promote these objects to some degree, but they can be fully realized only when the worker is at once a sharer in management, in profits, and in ownership.

It is sometimes objected that coöperative production would be Socialistic. That is rather a discouraging objection, when it is made seriously by thoughtful people, because it shows how far away we have got from a normal system. It implies that the only possible kind of industry is that in which a few men do all the owning and all the managing, and the masses merely function as wage-earners. That is what men have in their heads when they call cooperative production Socialistic. They think that it is entirely abnormal to have mere wage-earners owners and managers of a productive business, because they believe that only those super-men whom we call capitalists are capable of performing these functions.

The statement in the Bishops' Program that cooperative production would mean to a considerable extent an abolition of the wage system, is a great stumbling block to some people. I remember the great indignation with which a prominent lawyer — a Catholic friend of mine — discussed that statement. Yet the Program does not say that the wage system should be abolished entirely. It merely notes the considerable modification of the wage system that would take place when a large part of the workers would be capitalists as well as wage-earners. This lawyer friend of mine could not think calmly about any such development as that: to him there was something abnormal in the idea that mere wage-earners should combine to operate an industry.

I say it is disheartening to find that we have got so far away from normal ideas about the distribution

and ownership of property as to think it would be abnormal for some working people to own a factory. We might as well say it is abnormal when farms are owned by individuals, that they ought to be owned by a few capitalists, and the operation of them carried on by the farm laborers. I was brought up on a farm, and I know what the ownership of a farm and of a farming business does towards making men masters of themselves, giving them self-respect, giving them some things that are better than the condition of merely well fed dependents on somebody else. Now, it is just as rational to assume that all the farms in this country ought to be carried on by farm-laborers under the direction of a few great farm owners, as it is to assume that productive business in cities ought to be always operated under the ownership and direction of a few great capitalists, the masses of the workers being merely dependent wage-earners. One condition is as reasonable as the other. Of course, the peculiar difficulty in urban industry is that the unit of production is so large that no one person can do all the work there as the individual farmer sometimes can do on his farm. If the workers are to become owners through a co-operative system they will have to combine with their fellows, and the management of the thing must be associated management, not individual management. That makes the problem more difficult, but it doesn't make it insoluble.

The coöperative idea, that the workers should be owners of the instruments of production as well as

wage-earners, is in harmony with the kind of industrial system that obtained when the Church was most powerful in Europe. In the Guild system the workers owned the instruments of production. It is true that the instruments were simple things; that the unit of production was so simple, as in the case of the spinning wheel, that it could be owned by one man. The situation was the same as in agricultural industry to-day: one individual could own the entire unit of production and carry it on alone. To-day we cannot have that, because most of the industries are so large that they require the associated effort of great numbers. Nevertheless, the fundamental principle of the Guild System is the same as that which underlies the coöperative system, namely, ownership and management by the workers. No one has described better the Guild System, or has drawn more important conclusions from the spirit of the Guild System with regard to coöperative production than Father Joseph Husslein, S.J., especially in his latest book, "Democratic Industry." Those who are interested in making the connection between the past and the present, in learning the Catholic tradition and ideal in industry, ought to read carefully that work.

The coöperative idea can be applied to every part of the industrial field. There can be coöperative associations of farmers for the selling of their products, enabling them through the elimination of a great number of unnecessary middlemen to get a greater proportion of the price that is paid by the

ultimate consumer. There can be coöperative associations of consumers in cities, to buy directly from these coöperative selling associations of the farmers. There can be coöperative associations of producers, and entire or partial ownership of the factory by the coöperative stores. The National Guild may operate some industries, and the Plumb Plan may be set up in other industries. There are scarcely any bounds that may be set to the field to be occupied by the coöperative idea; but it is an idea that will become operative very slowly. There are serious difficulties in the way; there is a great deal of individualism that has to be subordinated to the common good; there is need for a great deal of patience. But we know from the history of coöperation in Europe, especially in Great Britain, that the thing can be done, and can be done by ordinary people, because the men in England, Scotland and Wales who own the coöperative stores that have been a tremendous success are ordinary wage-earners. They have provided the capital and the directive ability necessary to carry on the retail stores, the wholesale stores, the factories and steamships, and tea plantations and wheat fields. What they have done can be done in other countries and in other departments of industry.

In the words of Father Husslein: "The democratization of industry does not imply the disappearance of all previous economic institutions. Coöperative and co-partnership arrangements, public ownership, individually conducted enterprises and private corporations will continue side by side, as

shall be demanded for the common good. But labor's increasing share in ownership and responsibility will be the surest safeguard of lasting industrial peace." ("Democratic Industry," p. 338.)

CHAPTER X

EXORBITANT PROFITS

It may be of advantage to review briefly the topics that have already been discussed and the order in which they have been presented. In the first lecture a description was given of some general facts concerning the Bishops' Program of Social Reconstruction. In the second and third, some of the problems and agencies created by the war were discussed. In the fourth, fifth and sixth, methods by which the State could improve the condition of the working classes were outlined; and in the seventh, eighth and ninth, methods by which working people may help to better their own condition were set forth. To-night we discuss exorbitant profits.

So far as the industrial problem is a problem of distribution, it has two main features: First, the fact that a very large proportion of the people are oppressed by inadequate conditions of life and labor. Second, that a small minority of very rich and favorably placed persons are getting excessive incomes. We deal with the second of these problems this evening.

The Bishops' Program declares that the three main evils of the present system are: Enormous waste and inefficiency in production and distribu-

tion; second, inadequate incomes of a majority of the workers; and, third, excessive incomes of a small minority of privileged capitalists. The remedy for the first two evils we have seen already, in part at least, in the preceding lectures. The remedies which the Bishops' Program offers for the third evil, are prevention and control of monopolies, restriction of natural monopolies to a fair or moderate rate of interest, and heavy taxes on incomes, excess profits and inheritances.

The problem of monopoly is not a new one. It is very old, in fact. We find many references to it in mediæval literature, both in the discussions of the moralists and in the statutes and ordinances of the law-makers. The moralists unanimously pronounced monopolies wrong because of their inevitable tendency to practice extortion on the consumer. The laws of the time forbade monopoly pretty generally. The English Common Law has always contained provisions against monopolies, and most of the statutes in this country on the subject carry out the spirit of the English Common Law. The general theory of all authorities, whether moralists or legislators, has been that human beings cannot be trusted to exercise fairly the tremendous power of monopoly. I presume it is not necessary to lay down any formal definition. For practical purposes the definition of monopoly as that degree of control of a commodity which enables the person in control to limit supply arbitrarily and to raise the price arbitrarily, is sufficient. The question as to what degree of control or what percentage of a com-

modity a man or a corporation must have in order to enjoy a monopoly, is not of any great importance. The really important thing is whether there is sufficient control to enable the person to limit the supply arbitrarily; whether a man can do that with a control of 50, 60, 70, 80 or 90 per cent., is a matter of indifference. The general policy of the government of the United States towards monopolies, and of our State governments likewise, is reflected fairly well in the Sherman Anti-Trust Act, and in legislation that has been enacted by Congress to strengthen that enactment, particularly the Clayton Anti-Trust Act which was passed about five or six years ago. The policy outlined in that legislation is that a monopoly is an evil thing; that any restraint of trade that tends to produce a monopoly, that in any substantial way threatens competition, is undesirable and unlawful. There are also penalties against unfair practices of competition. But the main idea in the legislation is that monopoly is an intolerable thing and must be prevented.

We know that there are persons who believe that theory to be wrong; there are men who think that a monopoly is not, in itself, a bad thing, who believe that monopolies should be permitted to exist if they are efficient, and if they have not been created by extortionate or unfair practices, but should be prevented from injuring the public by government fixing of maximum prices. In other words, these people believe in regulated monopoly. That was substantially the theory of Mr. Roosevelt and his followers in the campaign of 1912. They would al-

low any concern to become as big as it could through legal methods. If it could out-distance its competitors, exclude them from business by fair methods, through greater efficiency, it should be permitted to become so large as to control the whole field. In order to prevent it from using that great power in an unjust way, the State should fix the maximum prices which it would be allowed to charge. That was the theory of a great proportion of those who followed Mr. Roosevelt in 1912. The other theory was upheld by Mr. Wilson and the Democratic Party, that monopoly in itself is a bad thing, and that we want regulated competition, not regulated monopoly. I think that the former theory is inadequate, first, because it does not correspond with the facts; second, because the remedy which it proposes is impracticable.

The theory that you can have efficiency indefinitely increasing with size has been proved false by experience. There is a certain limit of size at which all the economies and efficiencies of bigness are attained, and this limit is reached, at least in any great national industry, long before the concern becomes so big that it is a monopoly. That is now, I think, recognized to be a fact by all students of the subject. After that limit of maximum efficiency is reached in a big combination, it becomes less efficient according as it grows bigger. Why? From its very size for one reason, because no man and no Board of Directors can exercise adequate and efficient supervision over a business concern after it passes a certain size. The second reason is that

inertia and routine ways of doing things become prevalent in the very big combination. We have here exactly the same defects that attend upon the administration or operation of a great industry by the government. These defects are lack of personal direction, lack of initiative and lack of adequate supervision. The great monopolistic concern exhibits all these defects. There is a certain limit to any man's or any group's power to watch adequately over and manage adequately a big business concern. One of the most striking examples of that was the failure of the attempt of Mr. Mellen to organize the whole transportation system of the New England States into one system. In a milder degree we see an instance of the same failure in the history of the United States Steel Corporation. When it was organized it had some 60 per cent. of the steel products of the country under its control. Now it hasn't any more than 50 per cent. Mr. Colver, the Chairman of the Federal Trade Commission, told me a few days ago that the independent meat packers were more efficient than the large ones,— Cudahy, Swift, Morris, Armour and the others,— and pointed out in detail just where they were more efficient and why.

The theory that we have to allow a business concern to grow indefinitely on the assumption that with every increase in growth there is an increase in efficiency, is simply not true. The situation was well summed up by Professor Meade as long as ten years ago, I think, in reviewing the history of the trusts: he said that during a period of great pros-

perity when everything was in their favor, the trusts had not succeeded, that is, they had not succeeded from the point of view of efficiency and profitable operation. Of course, it is encouraging to know that there is a limit to the size of business that any man or any combination of men can manage effectively. It ought to be encouraging to know that there is still a field left for competition, for the independent man.

As to the remedy, or rather the corrective, which the adherents of this regulated-monopoly theory offer to prevent the monopoly from charging extortionate prices, namely, government fixing of maximum prices, we have had sufficient experience in the war of that method to be rather skeptical about its effectiveness for any situation except a war situation. In the lecture on wages and prices, I pointed out the reasons why government fixing of prices must be extremely limited in its effectiveness. The main reason is that concerns which produce any article have different costs of production; and if the government is not deliberately to exclude from business some of the high-cost producers, it will have to fix this maximum price high enough so that even the most expensive producer can make a living. If it does that it makes the price so high that most of the producers are making excessive profits, and the monopoly will be able to make excessive profits. Hence the fixing of maximum prices will be of very little benefit to the public.

The proper rule would seem to be to enforce competition, to permit combinations to become pretty

large, as large as efficiency requires, provided they can arrive at that size without practicing unfairness against competitors. As a matter of fact, most of the combinations in the past have become big just because they had practiced unfair methods of competition; but if any of them can become quite large by fair methods, I think that they should be allowed to grow to that size, but there is no need of permitting any combination to become so big that it controls the whole of any one field. Moreover, the great combinations should be prevented from covering too many fields of business, producing or handling too many related products. That is what the great packing concerns were doing: they were reaching out and trying to get control of a great many different articles of food which had no necessary relation to the killing of hogs or cattle, their primary business. The packers originally were manufacturers and storers of meat, but they have gone far beyond that, and have striven to get control of a great many food products and a great many other products that are extremely remote from meat and even from any other kind of food. That is a dangerous power to put into the hands of any single combination or group of combinations. Moreover, it is not necessary: there is nothing that the consumer is going to gain from that sort of thing. Economies may be effected here and there, so that some of the products may be offered cheaper than the independent dealer can sell them; but the main effect will be to increase rather than decrease price, and to limit the field of business operations and bus-

iness enterprises for independents. So, it is a desirable thing that happened the other day when the packers agreed to get out of every line of business except their own proper business, that of manufacturing meat and putting it in cold storage.

However, the great problem remains of preventing concerns which are not monopolies at all from agreeing on common prices and making these prices excessively high. That was one of the arguments which the followers of Mr. Roosevelt made against the theory that you can get fair prices by compelling separate firms to compete. They said: "You can't compel competitors to compete if they do not want to, since a dozen or two dozen concerns can get together and fix a common price which may be quite as unjust as the price that would be fixed by a single monopolistic concern. What are you going to do about that?" Well, we have to admit that that problem has not been solved, and that perhaps most of the extortionate prices prevailing are fixed precisely by agreement between several different individuals or corporations. No regulation of monopoly, no restriction of a single combination or single concern to a given size will cure that, because it is a matter of agreement: no matter into how many concerns or how many different businesses you break up a great combination, you still have this possibility, that the men in control will come together and make price agreements That is the real problem of monopoly to-day: to present or control the monopoly that comes from agreement among people who ought to be acting independently. We know that an enor-

mous amount of such monopolistic agreements is now in operation. For example, we know that the price of coal of a given quality is the same, no matter what dealer we go to in a given city. We know that even after the fuel administration discontinues its regulations, the prices of coal will still be uniform. Nevertheless, coal is not monopolized; for there are a great many different producers of coal and different retail dealers. We know that the prices of steel and steel products are common prices. We know that these prices are fixed by agreement. They are not fixed by one monopoly. Of course, the United States Steel Corporation has a dominating influence in the field, but the independents are very glad to follow the United States Steel Corporation and adopt its schedule of prices. Every one knows that this is done. These are only two important instances out of very, very many.

Mr. Colver tells us that adequate publicity is a remedy, to let the people know just who are in these corporations. I suppose that would have some effect, but I doubt if it would be sufficient. A system of licensing by the Federal Government might be effective, because very severe penalties might be attached to the violation of the law; the offending corporation could be deprived of the power to ship goods in interstate commerce. A better enforcement of the law against price-fixing by agreement would be immensely helpful. Perhaps we shall have to come to government competition with some of the larger concerns that insist upon fixing prices by agreement among themselves. Coöperative sell-

ing associations and coöperative stores could prevent extortionate prices by agreement among retailers. It is not by accident that we pay exactly the same prices for certain articles in all the retail stores of a city. The thing is arranged beforehand. It can be accomplished by telephone connections between the stores. Perhaps the government will have to own some of the basic or more important elements of some industries. In a bill now before Congress it is proposed for the regulation of the packing industry that in certain contingencies the government shall own the stock yards, thus giving every producer and every person who wants to use the stock yards equal opportunities.

One thing is fairly certain, the American people will not tolerate a condition in which a great number of articles is sold at extortionate prices by the simple device of agreement among persons who ought to be competing. Whatever interference by the government is necessary to prevent that state of affairs will be undertaken. A free people will not submit to that kind of extortion.

The Bishops' Program declares that natural monopolies should be limited to a fair or average return on actual investments. Natural monopolies are businesses which are monopolies by nature, and in which the government is very foolish to permit competition. For example, the telephone is a natural monopoly, and there should be only one telephone company in any city. A few cities have been thoughtless enough to try to have two, to endeavor to have competition in a business that is not com-

petitive. In time the two companies combined, and the people had to pay interest on the cost of establishing two telephone systems instead of one. That has been the net result of an attempt to have competition where no competition is possible. The same is true of the street railways, gas companies and other lighting corporations, the water supply, and public utilities generally. They are all natural monopolies. The Bishops' Program declares that these should be regulated in such a way that only a fair or moderate rate of interest should be obtained on the actual investment. That has become part of statute law and recognized by the courts and by moralists. The moral theologians have always said that a man should not be charged more than a moderate rate of interest on a loan. If a man is entitled to only a moderate rate of interest on a loan he is not entitled to any more on an investment in the street railway company. The only difference between the two cases is a difference of risk, which, of course, justifies a higher rate of gross return; but the rate of pure interest should not be higher from a natural monopoly than from a loan.

Whether regulation of these concerns is going to be effective in restricting capital to a moderate rate of interest, is very doubtful. My own impression is that the government will have to at least own, if not own and operate, all natural monopolies, the municipal government in the case of the city concerns, and the national government in the case of the railroads and telegraphs. At any rate, the principle is simple enough that the investors in these

properties are entitled to such charges for their services as will yield the average or competitive rate of interest. They are not entitled to any more than that. Incidentally, I notice from the investigation of your Interborough Rapid Transit System that in the last four years the dividends averaged about 15⅝ per cent. per year: 20 per cent. in 1916, 20 per cent. in 1917, 17 per cent. in 1918, and even in 1919, 5 per cent.; and 5 per cent. is as much as a great many persons are getting on their investments. They are rather satisfied with 5 per cent. if they are sure of it every year. The Interborough Rapid Transit Company had the supreme impudence to ask for a 7 or 8 cent fare in the face of an average return on their investment for the years 1916 and 1917 and 1918 of 19 per cent. This sort of thing makes more "Bolshevists" than all the Yiddish literature that comes out of your East Side.

The Bishops' Program says that this principle of moderate gains on capital should govern competitive enterprises likewise, but that exceptional gains should be given to men who show exceptional efficiency, provided these gains are shared with the consumers. A good illustration of the way exceptional efficiency may be shared with the consumer in the form of lower prices was exhibited by Henry Ford, some years ago, when he announced that if a certain number of his cars were sold within a certain number of months, the price of cars would be reduced to all who had purchased within that time. Further, that if a certain additional increase

of sales took place within the same time a still greater reduction would be made in the selling price. The principle was perfectly sound, as well as equitable. If Mr. Ford could increase the number of machines sold within a given time, he could make each of them cheaper. Therefore, he could afford to sell them cheaper, and he could afford to let people know about it beforehand and inform them of the profit that would be awaiting them in case they bought his machine. They did buy, and the reductions were made. I think at one period the price was as low as $360. This was an instance of sharing efficiency with the consumer; but unfortunately there is a great number of efficient business men to-day who do not believe in sharing any of their efficiency with the consumers, who insist upon selling at the same price as their inefficient competitors, absorbing all the gains of efficiency themselves. That is not an unjust performance,— nobody can say that these men have not a *right* to these gains,— but it is scarcely in accordance with the highest principles of equity, and it is not in accordance with the theory of competition. The theory of competitive industry is that the more efficient men will find it to their advantage to reduce the price sooner or later, and that through the reduction of price the least efficient producers will have to get out of business, and the public can be supplied by the more efficient producers at the lower prices. To-day this theory of competition seems to have broken down very considerably. The efficient

men do not strive as a rule to share their efficiency with the public.

Last week I pointed out that the coöperative stores permitted capital to retain only a certain fixed percentage, generally 5 per cent., giving the surplus profits to the consumers, on the basis of the amount of goods purchased. I venture to say that this general theory will have to be extended more and more throughout industry before we shall have anything like satisfactory arrangements; that is to say, the gains of efficiency will have to be reckoned upon the basis of the human beings who caused the efficiency, and not upon the basis of capital. In other words, the gains of efficiency ought to go, not to the capitalist as such, but to the active managers. Suppose the case of a man who owns all the capital in his business, and who is so efficient that his profits if reckoned on the basis of his investment, are about 100 per cent. a year. It makes no practical difference to him whether he calls these extra gains 100 per cent. on his capital or whether he calls it, let us say, a salary of $50,000 for himself. In either case he is the man who has made the extra gains. Suppose another man who owns only a few shares of the stock of a corporation, but who is exceptionally efficient as the manager of the concern. At the end of a year the profits in that business, measured by the investment, amount to 100 per cent. on the stock. It makes a great difference here whether these gains are to be reckoned as the gains of capital and due to capital, or the gains of this individual and due

to him as salary. Of course, the stockholders will insist on taking that 100 per cent. It is profits, it represents the profits of their business or their capital. But they have not made it,— this individual, this manager, has made it. The more straightforward way would be to have these gains of efficiency go to the individual who made them, whether the concern be an individual business, as in the case of the first man we spoke of, or a partnership or a corporation.

Suppose it were understood that no matter how profitable a business is, the stockholders will get, let us say, only 6 or 7 per cent. The extra gains are not divided among the stockholders in the form of an extra dividend, they go to the men in the corporation, the Board of Directors, if they are responsible, the President, Secretary, and all the rest of the active managers and directors. Under such an arrangement the public would know how much these men were getting for their work and services. If the amount were excessive public criticism would check it, and there would be no juggling with finances, with profits, so as to put enormous amounts in the pockets of the stockholders. Under the present system dead capital is put on a level with living brains. Capital is supposed to deserve extra rewards because human beings make a more efficient showing. It is not necessary at all, it is unscientific and unwise. A moderate rate of interest on capital ought to be the thing,— merely sufficient interest to induce investment, giving extra pay to the man who can show extra efficiency by his work, not

merely because he is the owner of capital which is made exceptionally profitable by somebody else. One reason why the Plumb Plan is so bitterly assailed by some capitalists is because it embodies this principle, that capital should get only a moderate return, because the government would own the capital, and give the bondholders a fixed return. The gains of efficiency would all go to the workers. After all, the ethical claim to any interest on capital rests upon not nearly as firm a basis as the right to compensation for labor.

Finally, the Bishops' Program declares that there should be heavy taxes on incomes, excess profits, and inheritances. As to excess profits, it may well be doubted whether taxation of them has been nearly as successful as it ought to be: there is a great deal of evidence that much of these excess profit taxes are passed on to the public in the form of higher prices, and we know too that a great part of them is evaded through various devices of bookkeeping by the concerns that are subject to them. With regard to heavy income taxes, the present rates in the United States are pretty high, from 4 to 73 per cent. The man who has an income of over a million dollars pays 73 per cent. of the surplus into the public treasury. Probably the present rates are as high as they safely can be made,— at least, most of them are: there may be room for increase of some of the intermediate rates. The federal inheritance tax varies from 2 to 25 per cent.: an estate of five million dollars pays 25 per cent. That is not as high as some European inheritance tax rates;

but we must remember that most of our States have inheritance taxes also, so that an estate pays not merely its federal tax, whatever that is, but the additional tax which is levied by the State. There is no likelihood that the present high income taxes or inheritance taxes are going to be reduced for many years, because the expenses of the government are so great that the tax returns will all be needed. Possibly it would be a good thing if the excess profits tax could be converted into higher income taxes and higher inheritance taxes.

The general aim in dealing with exorbitant profits must be to keep down to the lowest feasible level those incomes which do not represent service. That is the supreme aim and the supreme principle. It is not a question of how much income men are going to get or how much they ought to get: it is very difficult to say how much some men are worth, or to place an upper limit and say, "no man is worth more than that." The test should be productive service. If it can be shown that through the activity of a certain person so much wealth has been created that he can be permitted to have one million dollars a year for his services, and everybody else would be better off for his presence in the industrial system, then let him have the million. He has earned it. So long as very large gains can be shown to represent service, productive efficiency, there is no great danger to the State, and there will not arise any great amount of criticism of such incomes. It is the great fortunes and great incomes which cannot be shown to represent human service

that are the cause of most of the criticism of great wealth. Finally, men ought, as I tried to outline a few minutes ago, to be rewarded for what they do rather than for what they own. What they own should be rewarded, yes, in a moderate way,— sufficiently to induce them to save and invest. In other words, capital should get about the average competitive rate of interest; but the excess beyond that should go to men for their services, not because they own capital.

CHAPTER XI

SUMMARY AND CONCLUSION

Résumé of Program.— Rights and Limitations of Property. — False Issue of Radicalism vs. Conservatism.— Knowledge of Principles and Facts Necessary.— Likewise a New Spirit.

At the beginning of the Bishops' Program the statement was made that no comprehensive scheme of social reconstruction would be attempted, because very few in this country are interested in anything so far-reaching. So, the Program discusses only some particular measures of social reform which are attainable within a reasonable time, and two or three fundamental principles which will require considerable time to work out. The Program quotes with approval the statement of Cardinal Bourne: "A new order of things, new social conditions, new relations between the different sections in which society is divided, will arise as a consequence of the destruction of the formerly existing conditions." Therefore, the Program is built on the assumption that there will take place certain important changes; and that these are more or less necessary and ultimately inevitable. Cardinal Bourne added in the Pastoral from which the foregoing was taken: "In this transformation the

Catholic Church has her own special duty to perform, and her own part to play." This statement is little more than a particular application of the words of Pope Leo XIII in his encyclical on "Christian Democracy," when he said, "the Social Question is first of all moral and religious, and for that reason a solution is to be expected mainly from the moral law and the pronouncements of religion." Hence the Program is to be considered always in the light of these two facts: first, that there is a real need of social reforms of considerable magnitude; and, second, that it is the function of the Church to lay down the general principles which govern changes of this kind, and to apply these principles to such concrete proposals and measures as are brought forth for the solution of social problems.

The Program, as we have seen, discusses certain immediate proposals and certain more remote proposals and measures. The particular agencies for bringing about either of these classes of reforms are the state intervention and self-help by the people concerned. The teaching of the Church on the functions of the State is not the *laissez faire* theory to which England and America have been so long accustomed. According to the Church's teaching, the State has something more to do than merely prevent fraud and violence, and maintain order generally. It has the general function of protecting and enforcing natural rights, and beyond that, of promoting in a general way the social welfare. This is a rather broad field: just how much is included in "promoting the general welfare" it is

very difficult to state. Naturally, the promotion of social welfare covers different fields at different times and places. The statement of Pope Leo XIII on the function of the State with regard to social matters I have quoted here more than once: "Whenever the general interest or any particular class suffers or is threatened with mischief which can in no other way be met, it is the duty of the State to step in and deal with it." That is a pretty broad sphere of action. On the other hand, the Church always regards self help as the more desirable method of social betterment if it is feasible. It is always better for men to do things for themselves than to have things done for them by the State. It is at once more democratic and more conducive to individual development.

The first measure of state activity and state interference which the Program discusses is the enforcement of a minimum living wage. There is no need to delay long on a résumé of what the Program says in that relation. Pope Leo XIII laid down the doctrine of the living wage — the right to a living wage — as a general principle. He did not say the State ought to be called in to enforce it; but by bringing in his general principle about the duty of the State to interfere when mischief threatens a particular class which can in no other way be met, we can make out, I think, a very good case for the reasonableness of having the State establish and enforce a living wage. The second measure of state activity which the Program recommends is social insurance. That is somewhat more conten-

tious than the legal minimum wage; but if we apply again the general principle of Pope Leo to the situation which social insurance is intended to meet, we can, I think, make out a good case here also in favor of state interference. Social insurance means insurance enforced by the State against accidents, sickness, invalidity, old age and unemployment. There can well be a difference of opinion as to whether insurance in any or all of these matters is so necessary for the welfare of the working classes that the State should make it compulsory; but I say that at least a good case can be made out in favor of the reasonableness of the measure. Moreover, it is a logical extension of the living wage principle.

The other state activities advocated in the Program are public housing for the working classes; vocational training; land colonization; a national employment service; and a national board of arbitration. All of these can be submitted to the test of Pope Leo's principle of state interference, and shown to come within its scope. I don't say that in every place in this country, or in every State of this country, a reasonable case can be made out in favor of the State engaging in all of these activities. For example, there are many States in which public housing of the working classes is not needed at all; but there are some States in which the great cities, the great industrial cities, could very well go into this field of state activity in entire conformity with the principle laid down by Pope Leo, and as a means of bringing about a living wage. Vocational educa-

tion, industrial training, is not so immediately necessary as some of the other measures recommended in the Program, but if we take a long view I think we shall have to conclude that some systematic form of industrial training in at least the great industrial centers of the country would be extremely beneficial, both to the individuals concerned and to the general welfare.

Land colonization is something that has been promoted by several of the Bishops in this country for a long time, in places where there was a great deal of vacant land ready for the plow. There are still millions of acres to be settled, but the land is of such character that the work must be undertaken by the government.

A national employment service may be regarded as implicitly contained in the living wage doctrine. Laborers have a claim to a living wage because it is necessary for their welfare: they must get a living, as Pope Leo says, by their labor,—they have no other way of obtaining it. But the living wage is not of much use unless the workers have an opportunity to earn it by labor. If they are out of employment for a considerable portion of the time during the year, a daily living wage will not be sufficient; so, a method of reducing the amount of unemployment follows more or less clearly from the doctrine of a living wage.

A national board of arbitration seems to be the only device that will be at all effective in preventing industrial disputes, and the enormous waste which they entail. Pope Leo XIII in his Encyclical on

"The Condition of Labor" has a great deal to say about tribunals of this sort. A national arbitration board is merely one application of the general statements that Pope Leo makes on this subject.

Almost all of the foregoing reforms can be deduced from the one great principle of the living wage contained in Pope Leo's Encyclical on "The Condition of Labor." If all the workers had living wages in the full sense of Pope Leo's conception, by far the greater number of the other reforms would not be necessary at all. Adequate living wages would render unnecessary social insurance, as the worker would be able to insure himself. They would render unnecessary public housing, and they would reduce to a considerable extent the necessity of vocational training in a state system. They would make less necessary a national employment service. They would have some bearing even on arbitration; for many strikes are due to a lack of adequate wages, as Pope Leo points out in his Encyclical. In a word, we can see that nearly all of these proposals for immediate reform which are contained in the Bishops' Program are immediately or remotely deducible from the one general idea or general principle of a decent livelihood which is contained in the living wage doctrine of Pope Leo XIII.

The measures that may be classed under the head of self-help in the Program are labor unions, labor participation in management and in profits, and consumers' coöperation. It is not necessary to repeat what has been said on the subject of labor

unions and their methods. Labor participation in management enables the worker to determine to a great extent the conditions under which he works, makes him more interested in his work and leads to a larger product and greater benefit to the community. Labor participation in surplus profits carries further all of these advantages with the additional circumstance that it increases the laborer's income. Consumers' coöperation in the form of cooperative stores teaches workers to save, to exercise some directive ability, some business ability, to cooperate with one another, to realize that they are dependent upon one another and to effect a considerable saving in the cost of the goods which they have to buy.

A word by way of review of the proposals for the more distant future which are contained in the closing pages of the Bishops' Program. At the beginning of this portion of the document we find this statement: "Other objections apart, Socialism would mean bureaucracy, political tyranny, the helplessness of the individual as a factor in the ordering of his own life, and in general social inefficiency and decadence." Socialism is rejected as the ultimate solution of the social problem, and the ultimate organization of a satisfactory industrial society. But the rejection of Socialism does not mean that the present system, with merely the modifications recommended in the previous part of the Program, would be satisfactory permanently; for the Program declares that the condition under which a majority of the workers do not own any of the

tools with which they work, cannot be looked upon as consistent with a stable social order. The remedy recommended for the situation is again a principle contained in Pope Leo's Encyclical on "The Condition of Labor," or rather a general proposal; namely, a wider distribution of private property. Pope Leo says the State should strive to multiply property owners, and that by this means the gulf between the few who own all of the wealth and the poor who own none will be bridged over. This general recommendation, that private property should become more widely distributed, the Program applies to the present situation in terms of co-partnership and coöperative production. Co-partnership, that is, part ownership of the stock of corporations by the employees, and coöperative production, or ownership and management of an entire industry or plant by the workers themselves, are specified as means by which private property can become more generally distributed, the workers become more contented, and a more stable industrial system may be established.

The means for preventing exorbitant profits and excessive incomes which are recommended on the second last page of the Program, are not particularly new, nor particularly startling. The prevention of artificial monopoly, the restriction of natural monopolies to the competitive rate of interest on the investment, and heavy taxes on incomes, excess profits and inheritances, are already accomplished or aimed at by legislation. They are all based upon great and obvious moral principles, those of just

price, a fair rate of interest, and taxation according to ability.

It would seem that the foregoing recommendations, both for the immediate and the more distant needs of our industrial society, describe about all the proposals for reform that are likely to become of pressing interest for a long time. When you get much beyond these proposals you are almost in the field of Socialism.

Are these proposals of the Bishops' Program, taken as a whole or any one of them, what might be called radical? Well, some persons think so, including some Catholics. A friend of mine — a priest — told me not long ago that some person stated in his hearing, "we are willing to listen to the Bishops when they talk to us about going to Mass on Sunday, or approaching the Sacraments, or any other of our religious duties; but when they go into the field of business and industry, as they have done in this Program, we do not feel obliged to follow them." Had there been something in the Program to the effect that labor unions were unqualifiedly bad and to be condemned and shunned, I fancy that the man who was talking to my friend would have applauded that quite as much as if it were purely a religious pronouncement. The persons who regard this Program as radical are basing their opinions not on Catholic principles, but upon an exaggerated notion of the rights of private property. The notion of property fostered by the capitalist system, and the privileges and opportunities that have been accorded to property in that system,

are excessive. The rights of property are not unlimited. There is nothing in Catholic doctrine to support any such theory. Open any Catholic manual of moral philosophy or moral theology, and you will find the statement that the primary right of property is the right of *use,* not the right of ownership. God made the earth for all the children of men. The primary destination and purpose of the goods of this world is to support human beings, to support human life, and that means the human life of all, because there is nothing in nature — or in revelation — to indicate that any class of persons has a prior claim over another class to the goods of the earth. The primary right of property is, therefore, the right of access to the goods of the earth. The right of private property, the right of the individual to exclude others from a particular portion of the goods of the earth, is always held subject to the general, primary right of use and access which inheres in all human beings. That is what we mean by saying that the right of property is not unlimited, that it is not absolute. That is what we mean, that is what the Bishops' Program means, when it declares that wealth is stewardship, that the owner of any particular piece of private property is not the absolute owner of it, but a trustee under God. Being a trustee or a steward, he is bound to use the goods that he calls his in such a way as to comply with the fundamental purpose of all natural goods. St. Thomas Aquinas has some strong statements concerning the limitations of private property. He says in one place that there are two aspects of

goods to be considered: with regard to their *use*, they should be common, so that one may easily distribute them in time of need. As regards the power of disposal, they should be private. In another place St. Thomas says that the goods which a man has in superfluity to his wants belong by natural right, or natural law, to the sustenance of the poor. These are stronger statements with regard to the limitations of private property than any priest ordinarily makes to-day in his pulpit, and stronger statements than any found in the Bishops' Program.

In a general way, the limitations of the right of private ownership mean that those without property must be given access to the earth's goods on reasonable terms. This is almost exactly the language which Father Meyer uses in his text book on moral philosophy, which in turn, is a free translation of the statement by St. Thomas, that a person should so hold his goods that they may be easily accessible to persons in need. What in our time does reasonable access to goods mean? It does not mean, ordinarily, that a person who thinks he is poorer than he ought to be is permitted to seize the goods of his richer neighbor. The case of extreme need in which a person is justified in taking so much of his neighbor's property as is required to get him out of that situation, occurs in our time very rarely,—almost never. The right of the propertyless to have access to the goods of the earth, means in our system: a living wage for all workers; also fair prices for all consumers; also fair interest charges

to those who borrow money, or indirectly to the consumers who pay for interest charges in the prices of the goods that they buy. These are only three of the ways in which reasonable access, or access on reasonable terms, to the goods of the neighbor should be interpreted to-day. If we bear in mind all that that view implies I think we shall find the demands in the Bishops' Program are not a radical interference with the rights of property. The system of private property, as the Bishops' Program points out, must remain; but that does not necessarily mean the present system, with all its inequalities and injustice. Private property means simply that individuals rather than the State shall be the owners of capital and land: it does not mean that ownership shall be confined to a few individuals. The system of private ownership is set over in contrast to the system of state ownership; between these every Catholic must be for private ownership, no matter how much he may criticize its present distribution.

On the other hand, the laborer takes a wrong view when he fails to perform an honest day's work, when he looks upon the capitalist as his natural enemy, as the holder of ill-gotten goods, to be plundered in whatever way may prove most effective. It is elementary in Catholic principles that these impressions are wrong, that a fair contract requires both parties to perform its terms. When the laborer engages for a fair wage to work a certain length of time, it is assumed he will work with a reasonable amount of diligence and

efficiency, and that he will not try to get through the day with a minimum expenditure of energy. A fair-minded person will not assume that the laboring class possesses all the virtue in this conflict between capital and labor,— that all the wrong is on the side of capital and all the right on the side of labor. That is simply not true.

If we take the two classes as they are we find that the saying, "human nature is much the same in all of us," is fairly applicable. The different manifestations of the bad features of human nature as between the two classes are due to differences of opportunity, of situation. The sins of the capitalist, I mean the industrial sins, are not the sins of the laborer, for the very good reason that the capitalist occupies a different position. Sometimes the sins of the laborer are more spectacular than those of the capitalist; they are more easily seen; they are more crude and rough; yet the sins of the capitalist may be deeper and greater. In trying to be fair one may, indeed, sometimes emphasize the sins of capital more than those of labor, and call attention more strongly to the grievances of labor than to those of capital. If so, the main reason is that up to the present labor has been more sinned against than sinning; that since the beginning of capitalism, since the industrial revolution, labor has occupied the lower and less desirable place, and has been the weaker party; therefore, labor has not obtained as great a share of its rights as has capital. That general fact, I think, will explain many of the apparently one-sided statements that we see and

hear from people who are students of this subject and who apparently try to be fair. Such persons may make mistakes, may indulge in over-emphasis of the claims of labor; but the general disproportion which one finds between the condemnations heaped upon capitalists and those visited upon labor may be fairly explained by the general fact that up to the present labor has not got an equitable share of the good things which our industrial system has been producing. Possibly these positions will be reversed some day: there are indications in some parts of the industrial field that labor has the upper hand now; but on the whole these cases are exceptional.

Radicalism and conservatism are mere catch words. Personally, I don't want to be called either a radical or a conservative because I find most people who boast of their conservatism are simply reactionaries, and most persons who pride themselves on their radicalism are extremists. It is not necessary to be tagged with either designation. The important thing is to know all the facts that are available, to acquire a good knowledge of the principles, and then to advocate remedies or reforms in the light of those facts and principles. It is about a quarter of a century since I began to write "pieces for the papers" on the social question, and I do not think that during that time I have ever determined my attitude toward a particular reform measure by a consideration of its conservatism or its radicalism. I never ask myself that question, because I think it is misleading: it hampers one's honesty of thought and one's effectiveness. I ask my-

self, first, "is this measure in conformity with right reason and Catholic teaching?" Second, "is it wise and prudent to advocate this reform at this time?" The latter is quite a different question from the former, inasmuch as a measure may be in accordance with right reason, and yet born out of due time. In some quarters my social and industrial views have been accounted "radical," but in the course of time I have seen most of these views become classed as "conservative." I think we shall all have the same experience if we cling to those two general rules, asking ourselves whether a measure is in accordance with reason and the Church's teaching, and whether promulgation or advocacy of it now would do more harm than good or more good than harm. It is not a question of courage: if one abides by these two rules one will not be called upon frequently to think of one's self as extremely courageous in advocating a measure which most people have not yet thought about; for one will have acquired the habit of envisaging the problem in an objective light, free from temporary considerations, and free from all thought of praise or blame. After all, truth and justice are the only important ends to seek in this matter of social reform.

All persons who are interested in the problems covered by the Bishops' Program should, first, get a good grasp of Catholic principles concerning the rights of property, the limitations of property rights, and the right of the laboring class to a decent amount of the earth's goods and opportunities; and, second,

get hold of as many of the facts of industry as it is reasonably possible to obtain. Among Catholics the latter requisite is more lacking than a knowledge of Catholic principles. Our industrial system is extremely complex and exceedingly large: hence the difficulty of making any general statement which covers all the facts; and yet it is concrete facts that we are dealing with most of the time. If, for example, we pronounce the general judgment that labor is now acting quite unreasonably, because it is better off than ever before, let us ask ourselves whether that is strictly true, whether it is true of all of labor, or of the majority of the laborers in this country. That leads to the question, "what has been the increase in wages since the beginning of the war?" We know there have been some increases,— so much here and so much there. Have we enough data to form the basis of a positive declaration that the condition of labor now is better than it was in 1913? I do not think we have, and I have tried to get hold of all the facts available. That is typical of a very large number of questions in the industrial field. So often one has to be content with a qualified generalization: "probably, things are so and so"; it seems that things are so and so." We cannot honestly make a more positive statement. However, this much is certain: if we try to get hold of all the facts we shall be wrong less often than if we did not do so, and the more facts we get as a basis of judgment the more likely we are to be approximately right when we do venture upon general statements.

The Bishops' Program closes with this quotation from Pope Leo, "society can be healed in no other way than by a return to Christian life and Christian institutions," and this commentary: "The truth of these words is more widely perceived to-day than when they were written, more than twenty-seven years ago. Changes in our economic and political systems will have only partial and feeble efficiency if they be not reënforced by the Christian view of work and wealth. Neither the moderate reforms advocated in this paper, nor any other program of betterment or reconstruction will prove reasonably effective without a reform in the spirit of both labor and capital." It is not necessary, I am sure, to emphasize or elaborate those statements to a Catholic audience. We realize that the spirit is the more important thing; that no mere social mechanism will produce social contentment or satisfactory results generally, if the Christian spirit is lacking. If we had all the reforms in operation that any one of us could desire, we should still find that men would be far from contented unless they had a proper comparative estimate of the value of these things. We want to see people well clothed, well fed and well housed, and provided with a decent measure of religious, moral and intellectual opportunities; but we know that this will not make them contented unless they realize that all these things are secondary,— merely means to the end which God has appointed for every man, an end that is far beyond and far different from any scheme of social arrangements.

APPENDIX

THE BISHOPS' PROGRAM

FOREWORD

The ending of the Great War has brought peace. But the only safeguard of peace is social justice and a contented people. The deep unrest so emphatically and so widely voiced throughout the world is the most serious menace to the future peace of every nation and of the entire world. Great problems face us. They cannot be put aside; they must be met and solved with justice to all.

In the hope of stating the lines that will best guide us in their right solution the following pronouncement is issued by the Administrative Committee of the National Catholic War Council. Its practical applications are of course subject to discussion, but all its essential declarations are based upon the principles of charity and justice that have always been held and taught by the Catholic Church, while its practical proposals are merely an adaptation of those principles and that traditional teaching to the social and industrial conditions and needs of our own time.

✠ Peter J. Muldoon, *Chairman*
Bishop of Rockford
✠ Joseph Schrembs
Bishop of Toledo
✠ Patrick J. Hayes
Bishop of Tagaste
✠ William T. Russell
Bishop of Charleston.

SOCIAL RECONSTRUCTION

"Reconstruction" has of late been so tiresomely reiterated, not to say violently abused, that it has become to many of us a word of aversion. Politicians, social stu-

dents, labor leaders, business men, charity workers, clergymen, and various other social groups have contributed their quota of spoken words and printed pages to the discussion of the subject; yet the majority of us still find ourselves rather bewildered and helpless. We are unable to say what parts of our social system imperatively need reconstruction; how much of that which is imperatively necessary is likely to be seriously undertaken; or what specific methods and measures are best suited to realize that amount of reconstruction which is at once imperatively necessary and immediately feasible.

Nevertheless it is worth while to review briefly some of the more important statements and proposals that have been made by various social groups and classes. Probably the most notable declaration from a Catholic source is that contained in a pastoral letter, written by Cardinal Bourne several months ago. "It is admitted on all hands," he says, "that a new order of things, new social conditions, new relations between the different sections in which society is divided, will arise as a consequence of the destruction of the formerly existing conditions. . . . The very foundations of political and social life, of our economic system, of morals and religion are being sharply scrutinized, and this not only by a few writers and speakers, but by a very large number of people in every class of life, especially among the workers."

The Cardinal's special reference to the action of labor was undoubtedly suggested by the now famous "Social Reconstruction Program" of the British Labor Party. This document was drawn up about one year ago, and is generally understood to be the work of the noted economist and Fabian Socialist, Mr. Sidney Webb. Unquestionably, it is the most comprehensive and coherent program that has yet appeared on the industrial phase of reconstruction. In brief it sets up "four pillars" of the new social order:

(1) The enforcement by law of a National minimum of leisure, health, education and subsistence;

(2) The democratic control of industry, which means the nationalization of all monopolistic industries and possibly of other industries, sometime in the future, if that course be found advisable;
(3) A revolution in national finance; that is, a system of taxation which will compel capital to pay for the war, leaving undisturbed the national minimum of welfare for the masses;
(4) Use of the surplus wealth of the nation for the common good; that is, to provide capital, governmental industries, and funds for social, educational and artistic progress.

This program may properly be described as one of immediate radical reforms, leading ultimately to complete Socialism. Evidently this outcome cannot be approved by Catholics.

Program of American Labor

Through its Committee on Reconstruction, the American Federation of Labor has issued a lengthy program of reform proposals and demands which may be grouped under the three heads of trade union action, labor legislation and general industrial and social legislation. The principal demands under the first head are: the legally guaranteed rights of the workers to organize and to carry on the normal activities of trade unions; a living wage; no reduction in present scales of wages; the right of labor to fix its hours of work; the eight-hour day; equal pay for equal work by the two sexes; exclusive reliance by labor on trade-union effort to maintain fair wages; establishment of coöperative stores; and no organization of a political party by the workers. Labor laws demanded are: prohibition of wage working by children under sixteen years of age; abolition of private employment agencies; prohibition of all immigration for two years; and vocational education which will fit the young for life in an industrial society. By implication both the eight-hour day and the living wage are declared to be subjects for trade union action, not for leg-

islation. Among the measures of general social legislation recommended are: a special tax on "usable land" not cultivated by the owner, and taxes on land values which would make the holding of idle land unprofitable; government housing; government ownership and operation of docks, wharves and water powers; taxes on excess profits, incomes, and inheritances; and limitation of the power of the courts to declare laws unconstitutional.

While this program is more practical and more moderate and reasonable than that of the British Labor Congress, its proposal for taxing land into use could easily involve confiscation. On the other hand, it does not give sufficient consideration to the case of the weaker sections of the working class, those for whom trade union action is not practically adequate; nor does it demand or imply that the workers should ever aspire to become owners as well as users of the instruments of production.

British Quaker Employers

Probably the most definite and comprehensive statement from the opposite industrial class was put forth several months ago by a group of twenty Quaker employers in Great Britain. In outline their program is as follows: A family living wage for all male employees, and a secondary wage in excess of this for workers having special skill, training, physical strength, responsibility for human life; the right of labor to organize, to bargain collectively with the employer and to participate in the industrial part of business management; serious and practical measures to reduce the volume and hardship of unemployment; provisions of such working conditions as will safeguard health, physical integrity and morals; the reduction so far as practicable of profits and interest until both the basic and the secondary wage have been paid, and transfer to the community of the greater part of surplus profits.

The spirit and conception of responsibility that permeate every item of the program are reflected in this statement: "We would ask all employers to consider very carefully

whether their style of living and personal expenditure are restricted to what is needed in order to insure the efficient performance of their functions in society. More than this is waste, and is, moreover, a great cause of class divisions."

American Employers

The only formal statements on the subject of social reconstruction that have yet come to our attention from an important group of American employers, are a declaration of principles and certain proposals by the National Chamber of Commerce. The declaration of principles was made at a convention of the organization, in Atlantic City, December 6, 1918. Beyond a general commendation of peaceful and friendly relations between employers and employees, it included nothing of importance on the labor phase of reconstruction. It condemned government operation and ownership of railroads, telegraphs and telephones, and demanded more moderate taxes and a modification of the Sherman Anti-Trust Law. More recently the executive officials of the Chamber have submitted to a referendum vote of its membership a statement, "with a view to furnishing a basis on which American industry can build a national labor program." The main specific proposals in this statement are: recognition of the right of workers to organize; adequate representation of both parties in the determination of employment conditions; a decent home and proper social conditions; no reduction in wages until all other costs of production have been brought down to the lowest possible level; and a system of national employment offices. Inasmuch as this organization represents more employers than any other association in the country, the vote of its members on these proposals will be of the greatest significance.

An Interdenominational Statement

In Great Britain an organization known as the Interdenominational Conference of Social Service Unions, com-

prising ten religious bodies, including Catholics, spent more than a year formulating a statement of Social Reconstruction. (See the summary and analysis contained in the Catholic Social Year Book for 1918.) This statement deals with principles, evils and remedies. Presuming that Christianity provides indispensable guiding principles and powerful motives of social reform, it lays down the basic proposition that every human being is of inestimable worth, and that legislation should recognize persons as more sacred than property, therefore the State should enforce a minimum living wage, enable the worker to obtain some control of industrial conditions; supplement private initiative in providing decent housing; prevent the occurrence of unemployment; safeguard the right of the laborer and his family to a reasonable amount of rest and recreation; remove those industrial and social conditions which hinder marriage and encourage an unnatural restriction of families, and afford ample opportunities for education of all children industrially, culturally, religiously and morally. On the other hand, rights imply duties, and the individual is obliged to respect the rights of others, to cultivate self-control, to recognize that labor is the law of life, and that wealth is a trust. Finally, the statement points out that all social reform must take as its end and guide the maintenance of pure and wholesome family life.

Such in barest outline are the main propositions and principles of this remarkable program. The text contains adequate exposition of the development and application of all these points, and concrete specifications of the methods and measures by which the aims and principles may be brought into effect. In the latter respect the statement is not liable to the fatal objection that is frequently and fairly urged against the reform pronouncements of religious bodies: that they are abstract, platitudinous and usually harmless. The statement of the Interdenominational Conference points out specific remedies for the evils that it describes; specific measures, legislative and other, by which the principles may be realized in actual life. Especially practical and valuable for Catholics are the ex-

planations and modifications supplied by the Year Book of the Catholic Social Guild.

No Profound Changes in the United States

It is not to be expected that as many or as great social changes will take place in the United States as in Europe. Neither our habits of thinking nor our ordinary ways of life have undergone a profound disturbance. The hackneyed phrase: "Things will never again be the same after the war," has a much more concrete and deeply felt meaning among the European peoples. Their minds are fully adjusted to the conviction and expectation that these words will come true. In the second place, the devastation, the loss of capital and of men, the changes in individual relations and the increase in the activities of government have been much greater in Europe than in the United States. Moreover, our superior natural advantages and resources, the better industrial and social condition of our working classes still constitute an obstacle to anything like revolutionary changes. It is significant that no social group in America, not even among the wage-earners, has produced such a fundamental and radical program of reconstruction as the Labor Party of Great Britain.

A Practical and Moderate Program

No attempt will be made in these pages to formulate a comprehensive scheme of reconstruction. Such an undertaking would be a waste of time as regards immediate needs and purposes, for no important group or section of the American people is ready to consider a program of this magnitude. Attention will therefore be confined to those reforms that seem to be desirable and also obtainable within a reasonable time, and to a few general principles which should become a guide to more distant developments. A statement thus circumscribed will not merely present the objects that we wish to see attained, but will also serve as an imperative call to action. It will

keep before our minds the necessity for translating our faith into works. In the statements of immediate proposals we shall start, wherever possible, from those governmental agencies and legislative measures which have been to some extent in operation during the war. These come before us with the prestige of experience and should therefore receive first consideration in any program that aims to be at once practical and persuasive.

The first problem in the process of reconstruction is the industrial replacement of the discharged soldiers and sailors. The majority of these will undoubtedly return to their previous occupations. However, a very large number of them will either find their previous places closed to them, or will be eager to consider the possibility of more attractive employments. The most important single measure for meeting this situation that has yet been suggested is the placement of such men on farms. Several months ago Secretary Lane recommended to Congress that returning soldiers and sailors should be given the opportunity to work at good wages upon some part of the millions upon millions of acres of arid, swamp, and cut-over timber lands, in order to prepare them for cultivation. President Wilson in his annual address to Congress endorsed the proposal. As fast as this preliminary task has been performed, the men should be assisted by government loans to establish themselves as farmers, either as owners or as tenants having long-time leases. It is essential that both the work of preparation and the subsequent settlement of the land should be effected by groups or colonies, not by men living independently of one another and in depressing isolation. A plan of this sort is already in operation in England. The importance of the project as an item of any social reform program is obvious. It would afford employment to thousands upon thousands, would greatly increase the number of farm owners and independent farmers, and would tend to lower the cost of living by increasing the amount of agricultural products. If it is to assume any considerable proportions it must be carried out by the Governments of the United States and of the several

States. Should it be undertaken by these authorities and operated on a systematic and generous scale, it would easily become one of the most beneficial reform measures that has ever been attempted.

United States Employment Service

The reinstatement of the soldiers and sailors in urban industries will no doubt be facilitated by the United States Employment Service. This agency has attained a fair degree of development and efficiency during the war. Unfortunately there is some danger that it will go out of existence or be greatly weakened at the end of the period of demobilization. It is the obvious duty of Congress to continue and strengthen this important institution. The problem of unemployment is with us always. Its solution requires the coöperation of many agencies, and the use of many methods; but the primary and indispensable instrument is a national system of labor exchanges, acting in harmony with State, municipal, and private employment bureaus.

Women War Workers

One of the most important problems of readjustment is that created by the presence in industry of immense numbers of women who have taken the places of men during the war. Mere justice, to say nothing of chivalry, dictates that these women should not be compelled to suffer any greater loss or inconvenience than is absolutely necessary; for their services to the nation have been second only to the services of the men whose places they were called upon to fill. One general principle is clear: No female worker should remain in any occupation that is harmful to health and morals. Women should disappear as quickly as possible from such tasks as conducting and guarding street cars, cleaning locomotives, and a great number of other activities for which conditions of life and their physique render them unfit. Another general principle is that the proportion of women in industry ought to be kept within

the smallest practical limits. If we have an efficient national employment service, if a goodly number of the returned soldiers and sailors are placed on the land, and if wages and the demand for goods are kept up to the level which is easily attainable, all female workers who are displaced from tasks that they have been performing only since the beginning of the war will be able to find suitable employments in other parts of the industrial field, or in those domestic occupations which sorely need their presence. Those women who are engaged at the same tasks as men should receive equal pay for equal amounts and qualities of work.

National War Labor Board

One of the most beneficial governmental organizations of the war is the National War Labor Board. Upon the basis of a few fundamental principles, unanimously adopted by the representatives of labor, capital, and the public, it has prevented innumerable strikes, and raised wages to decent levels in many different industries throughout the country. Its main guiding principles have been a family living wage for all male adult laborers; recognition of the right of labor to organize, and to deal with employers through its chosen representatives; and no coercion of non-union laborers by members of the union. The War Labor Board ought to be continued in existence by Congress, and endowed with all the power for effective action that it can possess under the Federal Constitution. The principles, methods, machinery and results of this institution constitute a definite and far-reaching gain for social justice. No part of this advantage should be lost or given up in time of peace.

Present Wage Rates Should Be Sustained

The general level of wages attained during the war should not be lowered. In a few industries, especially some directly and peculiarly connected with the carrying

on of war, wages have reached a plane upon which they cannot possibly continue for this grade of occupations. But the number of workers in this situation is an extremely small proportion of the entire wage-earning population. The overwhelming majority should not be compelled or suffered to undergo any reduction in their rates of remuneration, for two reasons: First, because the average rate of pay has not increased faster than the cost of living; second, because a considerable majority of the wage-earners of the United States, both men and women, were not receiving living wages when prices began to rise in 1915. In that year, according to Lauck and Sydenstricker, whose work is the most comprehensive on the subject, four-fifths of the heads of families obtained less than 800 dollars, while two-thirds of the female wage-earners were paid less than 400 dollars. Even if the prices of goods should fall to the level on which they were in 1915 — something that cannot be hoped for within five years — the average present rates of wages would not exceed the equivalent of a decent livelihood in the case of the vast majority. The exceptional instances to the contrary are practically all among the skilled workers. Therefore, wages on the whole should not be reduced even when the cost of living recedes from its present high level.

Even if the great majority of workers were now in receipt of more than living wages, there are no good reasons why rates of pay should be lowered. After all, a living wage is not necessarily the full measure of justice. All the Catholic authorities on the subject explicitly declare that this is only the *minimum* of justice. In a country as rich as ours, there are very few cases in which it is possible to prove that the worker would be getting more than that to which he has a right if he were paid something in excess of this ethical minimum. Why then, should we assume that this is the normal share of almost the whole laboring population? Since our industrial resources and instrumentalities are sufficient to provide more than a living wage for a very large proportion of the workers, why should we acquiesce in a theory which denies them this

measure of the comforts of life? Such a policy is not only of very questionable morality, but is unsound economically. The large demand for goods which is created and maintained by high rates of wages and high purchasing power by the masses is the surest guarantee of a continuous and general operation of industrial establishments. It is the most effective instrument of prosperity for labor and capital alike. The principal beneficiaries of a general reduction of wages would be the less efficient among the capitalists, and the more comfortable sections of the consumers. The wage-earners would lose more in remuneration than they would gain from whatever fall in prices occurred as a direct result of the fall in wages. On grounds both of justice and sound economics, we should give our hearty support to all legitimate efforts made by labor to resist general wage reductions.

Housing for Working Classes

Housing projects for war workers which have been completed, or almost completed by the Government of the United States, have cost some forty million dollars, and are found in eleven cities. While the Federal Government can not continue this work in time of peace, the example and precedent that it has set, and the experience and knowledge that it has developed, should not be forthwith neglected and lost. The great cities in which congestion and other forms of bad housing are disgracefully apparent ought to take up and continue the work, at least to such an extent as will remove the worst features of a social condition that is a menace at once to industrial efficiency, civic health, good morals and religion.

Reduction of the Cost of Living

During the war the cost of living has risen at least 75 per cent. above the level of 1913. Some check has been placed upon the upward trend by government fixing of prices in the case of bread and coal, and a few other com-

modities. Even if we believe it desirable, we cannot ask that the Government continue this action after the articles of peace have been signed; for neither public opinion nor Congress is ready for such a revolutionary policy. If the extortionate practices of monopoly were prevented by adequate laws and adequate law enforcement, prices would automatically be kept at as low a level as that to which they might be brought by direct government determination. Just what laws, in addition to those already on the statute books, are necessary to abolish monopolistic extortion is a question of detail that need not be considered here. In passing, it may be noted that government competition with monopolies that cannot be effectively restrained by the ordinary anti-trust laws deserves more serious consideration than it has yet received.

More important and more effective than any government regulation of prices would be the establishment of cooperative stores. The enormous toll taken from industry by the various classes of middlemen is now fully realized. The astonishing difference between the price received by the producer and that paid by the consumer has become a scandal of our industrial system. The obvious and direct means of reducing this discrepancy and abolishing unnecessary middlemen is the operation of retail and wholesale mercantile concerns under the ownership and management of the consumers. This is no Utopian scheme. It has been successfully carried out in England and Scotland through the Rochdale system. Very few serious efforts of this kind have been made in this country because our people have not felt the need of these coöperative enterprises as keenly as the European working classes, and because we have been too impatient and too individualistic to make the necessary sacrifices and to be content with moderate benefits and gradual progress. Nevertheless, our superior energy, initiative and commercial capacity will enable us, once we set about the task earnestly, even to surpass what has been done in England and Scotland.

In addition to reducing the cost of living, the coöperative stores would train our working people and consumers gen-

erally in habits of saving, in careful expenditure, in business methods, and in the capacity for coöperation. When the working classes have learned to make the sacrifices and to exercise the patience required by the ownership and operation of coöperative stores, they will be equipped to undertake a great variety of tasks and projects which benefit the community immediately, and all its constituent members ultimately. They will then realize the folly of excessive selfishness and senseless individualism. Until they have acquired this knowledge, training and capacity, desirable extensions of governmental action in industry will not be attended by a normal amount of success. No machinery of government can operate automatically, and no official and bureaucratic administration of such machinery can ever be a substitute for intelligent interest and coöperation by the individuals of the community.

The Legal Minimum Wage

Turning now from those agencies and laws that have been put in operation during the war to the general subject of labor legislation and problems, we are glad to note that there is no longer any serious objection urged by impartial persons against the legal minimum wage. The several States should enact laws providing for the establishment of wage rates that will be at least sufficient for the decent maintenance of a family, in the case of all male adults, and adequate to the decent individual support of female workers. In the beginning the minimum wages for male workers should suffice only for the present needs of the family, but they should be gradually raised until they are adequate to future needs as well. That is, they should be ultimately high enough to make possible that amount of saving which is necessary to protect the worker and his family against sickness, accidents, invalidity and old age.

Social Insurance

Until this level of legal minimum wages is reached the worker stands in need of the device of insurance. The

State should make comprehensive provision for insurance against illness, invalidity, unemployment, and old age. So far as possible the insurance fund should be raised by a levy on industry, as is now done in the case of accident compensation. The industry in which a man is employed should provide him with all that is necessary to meet all the needs of his entire life. Therefore, any contribution to the insurance fund from the general revenues of the State should be only slight and temporary. For the same reason no contribution should be exacted from any worker who is not getting a higher wage than is required to meet the present needs of himself and family. Those who are below that level can make such a contribution only at the expense of their present welfare. Finally, the administration of the insurance laws should be such as to interfere as little as possible with the individual freedom of the worker and his family. Any insurance scheme, or any administrative method, that tends to separate the workers into a distinct and dependent class, that offends against their domestic privacy and independence, or that threatens individual self-reliance and self-respect, should not be tolerated. The ideal to be kept in mind is a condition in which all the workers would themselves have the income and the responsibility of providing for all the needs and contingencies of life, both present and future. Hence all forms of state insurance should be regarded as merely a lesser evil, and should be so organized and administered as to hasten the coming of the normal condition.

The life insurance offered to soldiers and sailors during the war should be continued, so far as the enlisted men are concerned. It is very doubtful whether the time has yet arrived when public opinion would sanction the extension of general life insurance by the Government to all classes of the community.

The establishment and maintenance of municipal health inspection in all schools, public and private, is now pretty generally recognized as of great importance and benefit. Municipal clinics where the poorer classes could obtain the advantage of medical treatment by specialists at a reason-

able cost would likewise seem to have become a necessity. A vast amount of unnecessary sickness and suffering exists among the poor and the lower middle classes because they cannot afford the advantages of any other treatment except that provided by the general practitioner. Every effort should be made to supply wage-earners and their families with specialized medical care through development of group medicine. Free medical care should be given only to those who cannot afford to pay.

Labor Participation in Industrial Management

The right of labor to organize and to deal with employers through representatives has been asserted above in connection with the discussion of the War Labor Board. It is to be hoped that this right will never again be called in question by any considerable number of employers. In addition to this, labor ought gradually to receive greater representation in what the English group of Quaker employers have called the "industrial" part of business management—"the control of processes and machinery; nature of product; engagement and dismissal of employees; hours of work, rates of pay, bonuses, etc.; welfare work; shop discipline; relations with trade unions." The establishment of shop committees, working wherever possible with the trade union, is the method suggested by this group of employers for giving the employees the proper share of industrial management. There can be no doubt that a frank adoption of these means and ends by employers would not only promote the welfare of the workers, but vastly improve the relations between them and their employers, and increase the efficiency and productiveness of each establishment.

There is no need here to emphasize the importance of safety and sanitation in work places, as this is pretty generally recognized by legislation. What is required is an extension and strengthening of many of the existing statutes, and a better administration and enforcement of such laws everywhere.

APPENDIX

Vocational Training

The need of industrial, or as it has come to be more generally called, vocational training, is now universally acknowledged. In the interest of the nation as well as in that of the workers themselves, this training should be made substantially universal. While we cannot now discuss the subject in any detail, we do wish to set down two general observations. First, the vocational training should be offered in such forms and conditions as not to deprive the children of the working classes of at least the elements of a cultural education. A healthy democracy cannot tolerate a purely industrial or trade education for any class of its citizens. We do not want to have the children of the wage-earners put into a special class in which they are marked as outside the sphere of opportunities for culture. The second observation is that the system of vocational training should not operate so as to weaken in any degree our parochial schools or any other class of private schools. Indeed, the opportunities of the system should be extended to all qualified private schools on exactly the same basis as to public schools. We want neither class divisions in education nor a state monopoly of education.

Child Labor

The question of education naturally suggests the subject of child labor. Public opinion in the majority of the States of our country has set its face inflexibly against the continuous employment of children in industry before the age of sixteen years. Within a reasonably short time all of our States, except some stagnant ones, will have laws providing for this reasonable standard. The education of public opinion must continue, but inasmuch as the process is slow, the abolition of child labor in certain sections seems unlikely to be brought about by the legislatures of those States, and since the Keating-Owen Act has been declared unconstitutional, there seems to be no device by which this reproach to our country can be removed except

that of taxing child labor out of existence. This method is embodied in an amendment to the Federal Revenue Bill which would impose a tax of 10 per cent. on the profits of all goods made by children.

Sufficient for the Present

Probably the foregoing proposals comprise everything that is likely to have practical value in a program of immediate social reconstruction for America. Substantially all of these methods, laws and recommendations have been recognized in principle by the United States during the war, or have been indorsed by important social and industrial groups and organizations. Therefore, they are objects that we can set before the people with good hope of obtaining a sympathetic and practical response. Were they all realized, a great step would have been taken in the direction of social justice. When they are all put into operation the way will be easy and obvious to still greater and more beneficial result.

Ultimate and Fundamental Reforms

Despite the practical and immediate character of the present statement, we cannot entirely neglect the question of ultimate aims and a systematic program; for other groups are busy issuing such systematic pronouncements, and we all need something of the kind as a philosophical foundation and as a satisfaction to our natural desire for comprehensive statements.

It seems clear that the present industrial system is destined to last for a long time in its main outlines. That is to say, private ownership of capital is not likely to be supplanted by a collectivist organization of industry at a date sufficiently near to justify any present action based on the hypothesis of its arrival. This forecast we recognize as not only extremely probable, but as highly desirable for, other objections apart, Socialism would mean bureaucracy, political tyranny, the helplessness of the individual as a fac-

tor in the ordering of his own life, and in general, social inefficiency and decadence.

Main Defects of Present System

Nevertheless, the present system stands in grievous need of considerable modifications and improvement. Its main defects are three: Enormous inefficiency and waste in the production and distribution of commodities; insufficient incomes for the majority of wage-earners, and unnecessarily large incomes for a small minority of privileged capitalists. Inefficiency in the production of goods would be in great measure abolished by the reforms that have been outlined in the foregoing pages. Production would be greatly increased by universal living wages, by adequate industrial education, and by harmonious relations between labor and capital on the basis of adequate participation by the former in all the industrial aspects of business management. The waste of commodity distribution could be practically all eliminated by coöperative mercantile establishments, and coöperative selling and marketing associations.

Coöperation and Co-Partnership

Nevertheless, the full possibilities of increased production will not be realized so long as the majority of the workers remain mere wage-earners. The majority must somehow become owners, or at least in part, of the instruments of production. They can be enabled to reach this stage gradually through coöperative productive societies and co-partnership arrangements. In the former, the workers own and manage the industries themselves; in the latter they own a substantial part of the corporate stock and exercise a reasonable share in the management. However slow the attainments of these ends, they will have to be reached before we can have a thoroughly efficient system of production, or an industrial and social order that will be secure from the danger of revolution. It is to be noted that this particular modification of the existing or-

der, though far-reaching and involving to a great extent the abolition of the wage system, would not mean the abolition of private ownership. The instruments of production would still be owned by individuals, not by the State,

Increased Incomes for Labor

The second great evil, that of insufficient income for the majority, can be removed only by providing the workers with more income. This means not only universal living wages, but the opportunity of obtaining something more than that amount for all who are willing to work hard and faithfully. All the other measures for labor betterment recommended in the preceding pages would likewise contribute directly or indirectly to a more just distribution of wealth in the interest of the laborer.

Abolition and Control of Monopolies

For the third evil mentioned above, excessive gains by a small minority of privileged capitalists, the main remedies are prevention of monopolistic control of commodities, adequate government regulation of such public service monopolies as will remain under private operation, and heavy taxation of incomes, excess profits and inheritances. The precise methods by which genuine competition may be restored and maintained among businesses that are naturally competitive, cannot be discussed here; but the principle is clear that human beings cannot be trusted with the immense opportunities for oppression and extortion that go with the possession of monopoly power. That the owners of public service monopolies should be restricted by law to a fair or average return on their actual investment, has long been a recognized principle of the courts, the legislatures, and public opinion. It is a principle which should be operative in competitive enterprises likewise, with the qualification that something more than the average rate of return should be allowed to men who exhibit exceptional efficiency. However, good public policy, as well as equity,

demands that these exceptional business men share the fruits of their efficiency with the consumer in the form of lower prices. The man who utilizes his ability to produce cheaper than his competitors for the purpose of exacting from the public as high a price for his product as is necessary for the least efficient business man, is a menace rather than a benefit to industry and society.

Our immense war debt constitutes a particular reason why incomes and excess profits should continue to be heavily taxed. In this way two important ends will be attained: the poor will be relieved of injurious tax burdens, and the small class of specially privileged capitalists will be compelled to return a part of their unearned gains to society.

A New Spirit a Vital Need

"Society," said Pope Leo XIII, "can be healed in no other way than by a return to Christian life and Christian institutions." The truth of these words is more widely perceived to-day than when they were written, more than twenty-seven years ago. Changes in our economic and political systems will have only partial and feeble efficiency if they be not reënforced by the Christian view of work and wealth. Neither the moderate reforms advocated in this paper, nor any other program of betterment or reconstruction will prove reasonably effective without a reform in the spirit of both labor and capital. The laborer must come to realize that he owes his employer and society an honest day's work in return for a fair wage, and that conditions cannot be substantially improved until he roots out the desire to get a maximum of return for a minimum of service. The capitalist must likewise get a new viewpoint. He needs to learn the long-forgotten truth that wealth is stewardship, that profit-making is not the basic justification of business enterprise, and that there are such things as fair profits, fair interest and fair prices. Above and before all, he must cultivate and strengthen within his mind the truth which many of his class have begun to grasp for

the first time during the present war; namely, that the laborer is a human being, not merely an instrument of production; and that the laborer's right to a decent livelihood is the first moral charge upon industry. The employer has a right to get a reasonable living out of his business, but he has no right to interest on his investment until his employees have obtained at least living wages. This is the human and Christian, in contrast to the purely commercial and pagan, ethics of industry.

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